National Skeet Shooting Association

Financial Report and Supplementary Information
November 30, 2018

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, 2018 and 2017, 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, 2018 and 2017, 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 11, 2019

National Skeet Shooting Association

Statements of Financial Position
November 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash	$ 266,389	$ 569,690
Investments—cash equivalents and marketable securities (Note 2)	500,000	-
Receivables:		
Trade	198,398	117,582
Life members	46,100	72,900
Other	70,761	25,105
Inventory	356,126	319,380
Prepaid expenses	234,889	206,384
Total current assets	1,672,663	1,311,041
Property and equipment, net	5,861,630	5,342,070
Investments—cash equivalents and marketable securities (Note 2)	3,909,878	3,913,920
Total assets	$ 11,444,171	$ 10,567,031
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 993,994	$ 510,183
Current portion of unearned and deferred revenue	665,230	513,031
Current portion of capital lease obligation	19,976	-
Total current liabilities	1,679,200	1,023,214
Long-term liabilities:		
Unearned and deferred revenue, less current portion	132,354	141,896
Capital lease obligation, less current portion	31,027	-
Total long-term liabilities	163,381	141,896
Total liabilities	1,842,581	1,165,110
Net assets:		
Unrestricted:		
Undesignated	6,176,146	6,001,360
Designated for life members	2,475,696	2,478,240
Total unrestricted net assets	8,651,842	8,479,600
Temporarily restricted	949,748	922,321
Total net assets	9,601,590	9,401,921
Total liabilities and net assets	$ 11,444,171	$ 10,567,031

See notes to financial statements.

National Skeet Shooting Association

Statement of Activities and Net Assets
Year Ended November 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues, support and other changes:			
Membership dues—individual and clubs	$ 1,127,851	$ -	$ 1,127,851
Event registration, tickets and entry fees	3,961,747	-	3,961,747
Registered target fees collected	1,156,549	386,592	1,543,141
Advertising revenue	611,295	-	611,295
Donations, sponsorships and affinity programs	351,158	275,893	627,051
Instructor school and referee certification	150,765	-	150,765
Open shooting/practice	508,934	-	508,934
Rental income	414,866	-	414,866
Sales	869,731	-	869,731
Net investment income	14,604	-	14,604
Gain on sale of assets	765,115	-	765,115
Other income	80,938	-	80,938
Net assets released from restrictions	635,058	(635,058)	-
Total revenues, support and other changes	10,648,611	27,427	10,676,038
Program expenses:			
Association expenses	1,752,205	-	1,752,205
Shooting complex expenses	5,691,368	-	5,691,368
Total program expenses	7,443,573	-	7,443,573
Support services:			
Fundraising and development	672,963	-	672,963
Management and general	1,318,275	-	1,318,275
Membership magazines	1,041,558	-	1,041,558
Total support services	3,032,796	-	3,032,796
Total expenses	10,476,369	-	10,476,369
Increase in net assets	172,242	27,427	199,669
Net assets at beginning of year	8,479,600	922,321	9,401,921
Net assets at end of year	$ 8,651,842	$ 949,748	$ 9,601,590

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

Statements of Cash Flows
Years Ended November 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Increase in net assets	$ 199,669	$ 562,407
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	506,140	477,629
Gain on sale of assets	(765,115)	(19,480)
Net realized and unrealized (gain) loss on fair value of marketable securities	31,556	(433,058)
Contribution of vehicle	-	-
Changes in:		
Receivables	(99,672)	(6,350)
Inventory	(36,746)	(24,522)
Prepaid expenses	(28,505)	(44,672)
Accounts payable and accrued expenses	483,811	(162,299)
Unearned and deferred revenue	142,657	(240,712)
Net cash provided by operating activities	433,795	108,943
Cash flows from investing activities:		
Capital expenditures	(966,105)	(780,841)
Purchases of investments	(813,972)	(498,267)
Proceeds from sale of land and equipment	767,634	22,580
Sales and maturities of investments	286,458	143,977
Net cash used in investing activities	(725,985)	(1,112,551)
Cash flows from financing activities:		
Postemployment retirement benefits—former Executive Director	-	(110,127)
Proceeds from borrowings of line of credit	150,000	-
Payments on line of credit	(150,000)	-
Payments on capital lease obligations	(11,111)	-
Payments on long-term debt	-	(34,020)
Net cash used in financing activities	(11,111)	(144,147)
Net decrease in cash	(303,301)	(1,147,755)
Cash at beginning of year	569,690	1,717,445
Cash at end of year	$ 266,389	$ 569,690
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 3,318	$ 3,553
Supplemental disclosures of noncash flow information:		
Fair market value of donated inventory	$ 155,921	$ 176,468
Equipment acquired under capital lease	$ 62,114	$ -

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 accordance 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 NSSA's fiscal year ending November 30, 2021. 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 NSSA's fiscal year ending November 30, 2020. ASU No. 2016-18 must be applied using a retrospective transition method with early adoption permitted. NSSA is currently evaluating the impact 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 NSSA's fiscal year ending November 30, 2020. 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 NSSA's fiscal year ending November 30, 2019, 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 NSSA's fiscal year ending November 30, 2020. NSSA has not yet selected a transition method and is currently evaluating the effect the standard will have on its financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. ASU No. 2018-13 is effective for NSSA's fiscal year ending November 30, 2021. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. NSSA is currently evaluating the impact of this new standard on its financial statements

Note 1. Organization and Significant Accounting Policies (Continued)

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where NSSA is the recipient, the ASU is applicable for NSSA's fiscal year ending November 30, 2020. Where NSSA is the resource provider, the ASU is applicable for NSSA's fiscal year ending November 30, 2021. Early adoption is permitted. NSSA is currently evaluating the impact of the adoption of this guidance 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, 2018, designated to support future expenses relating to maintaining life memberships is $2,475,696 ($2,478,240 in 2017).

- 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, 2018 and 2017, 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 certificates of deposits. 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.

Note 1. Organization and Significant Accounting Policies (Continued)

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, 2018 and 2017, 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, 2018 and 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.

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, 2018 or 2017.

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, 2018 and 2017, 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.

Note 1. Organization and Significant Accounting Policies (Continued)

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.

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 $60,297 and $105,178 for the years ended November 30, 2018 and 2017, respectively, and are expensed as incurred.

Subsequent events: NSSA has evaluated subsequent events through February 11, 2019, the date the financial statements were available to be issued.

Note 2. Investments

As of November 30, 2018 and 2017, cash equivalents and marketable securities with a total fair market value of $3,909,878 and $3,913,920, 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 $500,000 will be used for capital projects in 2019. Investments totaling approximately $2,476,000 at November 30, 2018, are identified as net assets designated specifically for life membership matters (approximately $2,478,000 in 2017). All securities are valued at market value, as determined by their closing sales prices at November 30, 2018 and 2017. All balances are unrestricted.

The following are the major categories of assets measured at fair value on a recurring basis as of November 30, 2018 and 2017, using quoted prices in active markets for identical assets:

	November 30, 2018		November 30, 2017	
	Cost	Fair Market Value	Cost	Fair Market Value
Cash	$ 311,963	$ 311,963	$ 59,497	$ 59,497
Sweep account	-	-	346	346
Certificates of deposit	250,000	249,820	-	-
Domestic stocks	574,003	829,638	529,179	768,655
Mutual funds:				
United States equity funds	586,129	1,251,983	960,564	1,329,291
United States bond funds	997,569	879,530	779,153	787,799
International equity funds	904,478	624,391	624,770	742,758
International bond funds	283,955	262,553	236,656	225,574
	$ 3,908,097	$ 4,409,878	$ 3,190,165	$ 3,913,920

During the years ended November 30, 2018 and 2017, NSSA had brokerage fees of $37,088 and $31,612, 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* 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.

Note 3. Fair Value Measurements and Disclosures (Continued)

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.

The following table summarizes the assets measured at fair value on a recurring basis as of November 30, 2018 and 2017, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Fair Value Measurement at November 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ -	$ 249,820	$ -	$ 249,820
Domestic stocks	829,638	-	-	829,638
Mutual funds:				-
United States equity funds	1,251,983	-	-	1,251,983
United States bond funds	879,530	-	-	879,530
International equity funds	624,391	-	-	624,391
International bond funds	262,553	-	-	262,553
	$ 3,848,095	$ 249,820	$ -	4,097,915
No fair value measurement assigned:				
Cash				311,963
				$ 4,409,878

	Fair Value Measurement at November 30, 2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Domestic stocks	$ 768,655	$ -	$ -	$ 768,655
Mutual funds:				-
United States equity funds	1,329,291	-	-	1,329,291
United States bond funds	787,799	-	-	787,799
International equity funds	742,758	-	-	742,758
International bond funds	225,574	-	-	225,574
	$ 3,854,077	$ -	$ -	3,854,077
No fair value measurement assigned:				
Cash				59,497
Sweep account				346
				$ 3,913,920

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.

Note 4. Profit Sharing Plan (Continued)

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, 2018 and 2017, were $9,034 and $9,838, respectively.

Note 5. Commitments and Contingent Liabilities

Leases: NSSA lease certain equipment under a capital lease. The equipment cost $62,800 and is included in equipment and furniture in the accompanying statement of financial position. Amortization expense and accumulated amortization totaled approximately $5,200 at November 30, 2018.

NSSA leases various equipment pursuant to noncancelable operating lease agreements expiring on November 29, 2021. Lease expense for these and other leases for the years ended November 30, 2018 and 2017, totaled $76,250 and $70,324, respectively.

Future minimum lease payments under noncancelable operating leases and future minimum lease payments under capital leases together as of November 30, 2018, were as follows:

	Capital Leases	Operating
Years ending November 30:		
2019	$ 21,902	$ 35,400
2020	21,902	35,400
2021	9,125	-
Future minimum lease payments	52,929	$ 70,800
Less amount of minimum lease payments attributable to interest	1,926	
Present value of net minimum lease payments	51,003	
Current portion of capital lease obligations	19,976	
Long-term portion of capital lease obligations	$ 31,027	

Amortization of assets held under capital leases is included with depreciation expense.

NSSA is involved in claims and litigation in the normal course of business. Management believes the applicable insurance coverage is adequate to cover costs of settlement and defense of such claims and litigation.

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 expires May 2019, 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, 2018 and 2017.

Note 7. Property and Equipment

A summary of property and equipment is as follows:

	November 30	
	2018	2017
Land and improvements	$ 2,925,260	$ 2,601,851
Buildings and improvements	6,425,803	6,006,258
Equipment and furniture	2,617,237	2,543,450
Construction in progress	464,783	317,938
	12,433,083	11,469,497
Less accumulated depreciation	6,571,453	6,127,427
	$ 5,861,630	$ 5,342,070

Note 8. Inventory

Inventory consisted of the following:

	November 30	
	2018	2017
General store merchandise	$ 15,465	$ 9,751
Targets	135,021	96,632
Ammunition	28,117	37,039
Guns	177,523	175,958
	$ 356,126	$ 319,380

Note 9. Unearned and Deferred Revenue

Unearned and deferred revenue consisted of the following:

	November 30	
	2018	2017
Annual dues:		
Sporting clays and skeet	$ 155,434	$ 146,345
Clubs	31,315	48,050
Six-year membership dues	150,262	137,966
Prepaid exhibitor buildings and camper rentals	81,788	81,925
Advanced deposits—subsequent year shoots	378,785	240,641
	797,584	654,927
Less current portion	665,230	513,031
	$ 132,354	$ 141,896

Note 10. Major Suppliers

For the year ended November 30, 2018, approximately $1,247,000 of NSSA's purchases was purchased from two suppliers. At November 30, 2018, there were no trade payables due to these suppliers. Other suppliers would be available if needed.

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.

Note 11. Temporarily Restricted Net Assets

Net assets and changes in net assets are as follows:

	Balance at November 30, 2017	Donations	Net Assets Released From Restrictions	Balance at November 30, 2018
NSCA USA Sporting Clays Team	$ 82,747	$ 225,019	$ 248,807	$ 58,959
Scholarships	45,469	12,229	19,659	38,039
Youth education	56,900	20,000	7,188	69,712
NSCA Marketing Fund	376,458	282,215	257,111	401,562
NSSA Marketing Fund	348,247	104,377	83,648	368,976
Krieghoff All American Program	12,500	18,645	18,645	12,500
	$ 922,321	$ 662,485	$ 635,058	$ 949,748

	Balance at November 30, 2016	Donations	Net Assets Released From Restrictions	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

Note 12. Credit Risk

NSSA maintains its cash in bank deposit accounts that, 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 13. Related-Party Transactions

The current NSSA executive director'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 was extended through December 31, 2018, with no other modifications. Synergy receives commissions of 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 15 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, $155,280 was billed and expensed in relation to this contract ($163,190 in 2017).

Note 14. Sale and Lease of Land

During 2018, NSSA sold two acres of land for $750,000 in cash and recognized a gain of $748,715 on the sale. The buyer of the land intends to construct a permanent facility on the site and, in conjunction with the sale of the land, NSSA and the buyer have entered into a lease agreement for a temporary site to be used during the construction period. The lease agreement is for a term of 15 years; however, NSSA may terminate the agreement upon completion of the permanent facility. In consideration for the lease, the buyer will construct a facility on the leased property and pay a nominal rent per year for five years and a fair market rent for each subsequent year of the lease. NSSA records the sale, the facility construction in progress and rental income based on relative fair values estimated using comparable market transactions.

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, 2018 and 2017, and have issued our report thereon dated February 11, 2019, 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 2018 total revenues and expenses presented within the supplementary information and the comparative totals for 2017 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 2018 and 2017 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 11, 2019

National Skeet Shooting Association

Comparative Schedule of Revenues and Expenses by Activity
Year Ended November 30, 2018 With Comparative Totals for 2017

	Skeet Association	Sporting Clays Association	National Shooting Complex	Fundraising and Development	Management and General	Membership Magazines*	**2018 Total**	2017 Total
Revenues:								
Membership dues—individuals and clubs	$ 263,389	$ 821,891	$ 42,571	$ -	$ -	$ -	**$ 1,127,851**	$ 1,129,774
Event registration, tickets and entry fees	105,634	17,755	3,838,358	-	-	-	**3,961,747**	4,132,469
Registered target fees collected	314,065	842,484	-	386,592	-	-	**1,543,141**	1,567,466
Advertising revenue	341	-	20,400	-	-	590,554	**611,295**	625,973
Donations, sponsorship and affinity programs	83,079	48,247	254,250	241,475	-	-	**627,051**	596,559
Instructor school and referee certification	47,435	103,330	-	-	-	-	**150,765**	158,564
Open shooting/practice	-	-	508,934	-	-	-	**508,934**	516,531
Rental—exhibitors	-	-	268,917	-	-	-	**268,917**	261,101
Rental—RV spaces	-	-	145,949	-	-	-	**145,949**	200,677
Sales—ammunition	-	-	462,044	-	-	-	**462,044**	547,836
Sales—merchandise	6,996	14,652	108,257	-	-	12,629	**142,534**	172,927
Gain on sale of assets	-	-	765,115	-	-	-	**765,115**	-
Sales/revenue—other	2,487	3,247	340,357	-	-	-	**346,091**	701,768
Net investment income (loss)	(1,134)	(831)	16,569	-	-	-	**14,604**	547,652
Total revenues	$ 822,292	$ 1,850,775	$ 6,771,721	$ 628,067	$ -	$ 603,183	**$ 10,676,038**	$ 11,159,297
Expenses:								
Salaries	$ 281,228	$ 303,689	$ 977,075	$ -	$ 542,656	$ 77,576	**$ 2,182,224**	$ 2,282,931
Employee benefits and payroll taxes	92,543	103,698	226,645	-	90,400	15,488	**528,774**	509,913
Accounting/auditing fees	-	-	-	-	49,040	-	**49,040**	39,800
Advertising and promotional	44,601	70,951	52,687	313,205	-	5,480	**486,924**	567,494
Banking/financial services	24,998	81,815	37,504	-	5,255	93	**149,665**	154,550
Board expenses	7,998	4,733	-	-	-	-	**12,731**	14,319
Club and member expenses	15,301	15,388	-	-	-	-	**30,689**	77,898
Consultants	22,739	23,302	-	106,777	10,360	12,237	**175,415**	95,132
Contracted services—events	50,648	-	817,716	-	-	-	**868,364**	920,941
Cost of sales—ammunition	-	-	400,745	-	-	-	**400,745**	493,229

(Continued)

*Printed and electronic periodicals

National Skeet Shooting Association

Comparative Schedule of Revenues and Expenses by Activity (Continued)
Year Ended November 30, 2018 With Comparative Totals for 2017

	Skeet Association	Sporting Clays Association	National Shooting Complex	Fundraising and Development	Management and General	Membership Magazines*	**2018 Total**	2017 Total
Expenses: (continued)								
Cost of sales—merchandise	$ 4,536	$ -	$ 82,034	$ -	$ -	$ -	**$ 86,570**	$ 97,200
Cost of sales/revenue—other	-	-	110,654	-	-	-	**110,654**	107,138
Dues/fees/subscriptions	331	3,431	3,099	-	11,430	-	**18,291**	24,986
Equipment rental/lease	-	-	45,109	-	68,163	-	**113,272**	110,066
Event preparation and cleanup—outside services	-	-	28,250	-	-	-	**28,250**	8,319
Food/ice/parties/banquets	21,967	32,236	187,892	-	-	-	**242,095**	237,598
Grants/donations/scholarships	22,847	34,290	5,162	4,000	-	-	**66,299**	53,206
Instructor school/referee certification	26,645	73,259	-	-	-	-	**99,904**	85,215
Insurance	96	-	4,512	-	166,883	-	**171,491**	179,830
Interest expense	-	-	-	-	3,318	-	**3,318**	3,553
Legal	-	-	-	-	64,785	-	**64,785**	110,698
Maintenance and repairs	2,267	4,782	304,991	1,416	-	-	**313,456**	329,234
Printing and editing	9,502	-	15,442	-	-	843,347	**868,291**	937,579
Prizes and awards	59,061	28,545	876,040	38,589	-	-	**1,002,235**	926,173
Shipping and postage	20,423	51,761	17,233	3,700	605	82,392	**176,114**	170,144
Supplies and materials	17,829	17,881	119,760	1,087	53,356	528	**210,441**	187,873
Other expenses	9,505	8,401	29,608	-	12,972	-	**60,486**	45,343
Staff development	416	857	799	-	3,890	-	**5,962**	16,189
Targets	-	-	588,136	-	-	-	**588,136**	576,443
Telephone	-	-	-	-	57,354	-	**57,354**	47,585
Travel	35,957	37,082	92,268	181,301	15,764	3,777	**366,149**	296,265
Utilities	-	-	-	-	158,401	-	**158,401**	148,025
Depreciation	33,037	36,629	409,303	22,888	3,643	640	**506,140**	477,629
Property taxes	7,500	7,500	258,704	-	-	-	**273,704**	264,392
Total expenses	$ 811,975	$ 940,230	$ 5,691,368	$ 672,963	$ 1,318,275	$ 1,041,558	**$ 10,476,369**	$ 10,596,890

*Printed and electronic periodicals