

NATIONAL SKEET SHOOTING ASSOCIATION

FINANCIAL STATEMENTS

**Year Ended November 30, 2023
with Report of Independent Auditors**

NATIONAL SKEET SHOOTING ASSOCIATION

FINANCIAL STATEMENTS

Year Ended November 30, 2023

Table of Contents

Report of Independent Auditors	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

REPORT OF INDEPENDENT AUDITORS

To the Audit Committee and Board of Directors of
National Skeet Shooting Association

Opinion

We have audited the accompanying financial statements of National Skeet Shooting Association (“NSSA”), which comprise the statement of financial position as of November 30, 2023, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NSSA as of November 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Basis for Opinion

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

Other Matter

The financial statements of NSSA for the year ended November 30, 2022, before the restatement described in Note R, were audited by another auditor whose report dated October 10, 2023, expressed an unmodified opinion on those statements. As part of our audit of the November 30, 2023 financial statements, we also audited the adjustments described in Note R that were applied to restate the 2022 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NSSA's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NSSA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NSSA's ability to continue as a going concern for a reasonable period of time.

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

Whitley Penn LLP

Fort Worth, Texas
September 20, 2024

NATIONAL SKEET SHOOTING ASSOCIATION

STATEMENT OF FINANCIAL POSITION

November 30, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 158,891
Receivables:	
Trade	141,519
Life members	38,192
Pledges	293,500
Other	50,941
Inventory	1,019,097
Prepaid expenses	267,010
Total current assets	<u>1,969,150</u>

Property and equipment, net	7,258,133
Right-of-use assets - finance leases	179,452
Investments	8,131,657
Endowment investments	<u>1,024,645</u>

Total assets \$ 18,563,037

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$ 881,528
Current portion of finance lease liabilities	63,760
Current portion of unearned and deferred revenue	1,427,011
Total current liabilities	<u>2,372,299</u>

Finance lease liabilities, less current portion	120,110
Unearned and deferred revenue, less current portion	3,667,004
Total liabilities	<u>6,159,413</u>

Net assets:

Without donor restrictions	
General	9,183,512
Board-designated funds	235,229
With donor restrictions	2,984,883
Total net assets	<u>12,403,624</u>

Total liabilities and net assets \$ 18,563,037

See accompanying notes to financial statements.

NATIONAL SKEET SHOOTING ASSOCIATION

STATEMENT OF ACTIVITIES

Year Ended November 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support and other changes:			
Memberships dues - individual and clubs	\$ 1,434,526	\$ -	\$ 1,434,526
Event registration, tickets, and entry fees	5,042,080	-	5,042,080
Registered target fees	1,241,992	416,657	1,658,649
Advertising revenue	567,033		567,033
Donations, sponsorships, and affinity programs	842,776	635,636	1,478,412
Instructor school and referee certification	192,309	-	192,309
Open shooting and practice	718,468	-	718,468
Rental income	898,300	-	898,300
Sales	2,610,147	-	2,610,147
Net investment gain	396,971	48,504	445,475
Gain of disposal of property and equipment	32,147	-	32,147
Net assets released from restrictions	686,226	(686,226)	-
Total revenues, support and other changes	14,662,975	414,571	15,077,546
Program expenses:			
Association expenses	2,037,021	-	2,037,021
Shooting complex expenses	8,168,143	-	8,168,143
Total program expenses	10,205,164	-	10,205,164
Support services:			
Fundraising and development	250,822	-	250,822
Management and general	1,892,310	-	1,892,310
Membership magazines	903,226	-	903,226
Total support services	3,046,358	-	3,046,358
Total expenses	13,251,522	-	13,251,522
Changes in net assets	1,411,453	414,571	1,826,024
Net assets at beginning of year (restated)	8,007,288	2,570,312	10,577,600
Net assets at end of year	\$ 9,418,741	\$ 2,984,883	\$ 12,403,624

See accompanying notes to financial statements.

NATIONAL SKEET SHOOTING ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended November 30, 2023

	Program Activities				Supporting Activities			Total Expenses	
	Skeet Association	Sporting Clays Association	National Shooting Complex	Total Program Expenses	Fundraising and Development	Management and General	Membership Magazines		Total Supporting Expenses
Salaries, benefits, and taxes	\$ 171,934	\$ 282,658	\$ 1,195,750	\$ 1,650,342	\$ -	\$ 996,441	\$ 82,251	\$ 1,078,692	\$ 2,729,034
Costs of sales	4,997	7,377	1,602,309	1,614,683	-	-	-	-	1,614,683
Advertising and promotional	44,570	170,680	18,063	233,313	164,859	-	-	164,859	398,172
Contracted services - events	111,393	5,200	930,199	1,046,792	-	-	-	-	1,046,792
Prizes and awards	162,338	101,978	918,308	1,182,624	2,310	-	-	2,310	1,184,934
Printing and editing	-	-	33,830	33,830	-	-	725,698	725,698	759,528
Travel	14,982	52,765	153,375	221,122	2,722	5,986	-	8,708	229,830
Targets	-	-	928,484	928,484	-	-	-	-	928,484
Facilities and maintenance	620	3,264	862,359	866,243	-	241,039	-	241,039	1,107,282
Depreciation	31,775	25,411	432,308	489,494	-	-	-	-	489,494
Professional fees	4,771	3,308	42,313	50,392	49,650	112,000	16,500	178,150	228,542
Instructor school/referee certification	26,566	91,941	-	118,507	-	4,468	-	4,468	122,975
Insurance	-	-	4,493	4,493	-	238,082	-	238,082	242,575
Supplies and other expenses	78,966	132,476	475,566	687,008	6,281	91,254	78,617	176,152	863,160
Banking/financial services	11,193	123,996	4,762	139,951	-	156,757	160	156,917	296,868
Equipment rental/leases	-	-	161,605	161,605	-	46,283	-	46,283	207,888
Grants/donations/scholarships	113,804	146,768	-	260,572	25,000	-	-	25,000	285,572
Event expense	80,281	31,009	404,419	515,709	-	-	-	-	515,709
	<u>\$ 858,190</u>	<u>\$ 1,178,831</u>	<u>\$ 8,168,143</u>	<u>\$ 10,205,164</u>	<u>\$ 250,822</u>	<u>\$ 1,892,310</u>	<u>\$ 903,226</u>	<u>\$ 3,046,358</u>	<u>\$ 13,251,522</u>

See accompanying notes to financial statements.

NATIONAL SKEET SHOOTING ASSOCIATION

STATEMENT OF CASH FLOWS

Year Ended November 30, 2023

Cash Flows from Operating Activities:	
Changes in net assets	\$ 1,826,024
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	489,494
Loss on disposal of property and equipment	3,997
Amortization of right-of-use assets	134,228
Bad debt expense	1,036
Net realized and unrealized gain on investments	(406,350)
Restricted endowment contributions	(369,058)
Changes in operating assets and liabilities:	
Receivables	109,657
Inventory	(198,663)
Prepaid expenses	(14,417)
Accounts payable and accrued expenses	42,337
Unearned and deferred revenue	148,556
Net cash provided by operating activities	<u>1,766,841</u>
Cash Flows from Investing Activities:	
Proceeds from sales of property and equipment	37,150
Proceeds from sales of investments	325,000
Purchases of property and equipment	(645,060)
Purchases of investments	<u>(2,976,584)</u>
Net cash used in investing activities	<u>(3,259,494)</u>
Cash Flows from Financing Activities:	
Payments on finance lease liabilities	(73,460)
Restricted endowment contributions	369,058
Net cash provided by financing activities	<u>295,598</u>
Net decrease in cash and cash equivalents	(1,197,055)
Cash and cash equivalents at beginning of year	<u>1,355,946</u>
Cash and cash equivalents at end of year	<u>\$ 158,891</u>
Supplemental Disclosure of Non-Cash Information:	
Right-of-use assets assumed through lease liabilities	<u>\$ 321,915</u>

See accompanying notes to financial statements.

NATIONAL SKEET SHOOTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

November 30, 2023

A. Nature of Operations

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.

B. Summary of Significant Accounting Policies

A summary of NSSA’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting applicable to nonprofit 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 net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of 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.

Under these provisions, net assets and revenue, expenses, gains, and losses are classified based upon the following criteria:

Without Donor Restrictions: Funds consist of net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions result from operating revenues, unrestricted contributions, and unrestricted dividend and interest income.

NATIONAL SKEET SHOOTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Basis of Accounting – continued

With Donor Restrictions: Funds 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 net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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.

Cash and Cash Equivalents

NSSA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At November 30, 2023, NSSA had no such investments.

Investments

Investments, which include cash and cash 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 statement of activities.

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.

NATIONAL SKEET SHOOTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of 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, 2023, an allowance was not deemed necessary by management.

Inventory

Inventory is stated at the lower of cost (weighted average method) or market (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 year ended November 30, 2023.

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 net assets with donor restrictions to net assets without donor restrictions at that time.

NATIONAL SKEET SHOOTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

Revenue Recognition

NSSA recognizes noncontribution revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606, which provides a five-step model for recognizing revenues from contracts with customers, as follows:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as performance obligations are satisfied.

NSSA recognizes revenue from contracts with customers from membership dues, event registration, tickets and entry fees, registered target fees collected, advertising revenue, sponsorships, instructor school and referee certification, open shooting/practice, and sales.

Membership Dues: Membership revenue includes fees associated with NSSA and NCSA memberships. Performance obligations include a monthly printed magazine or weekly e-newsletter subscription, access to the National Shooting Complex, access to members-only features at MyNSSA.com, and computerized scorekeeping. Memberships are paid for at the time of or in advance of delivering the services. Revenue from such arrangements is recognized over the membership period.

Event Registration, Tickets, Entry Fees, Instructor School and Referee Certification, and Open Shooting/practice: Revenue is recognized when the performance obligation is satisfied, which is at the time the event occurs.

Registered Target Fees Collected: NSSA records the targets and scores of NSSA sanctioned events. Affiliate clubs host events and the scores of the participants are subsequently recorded and posted to NSSA’s records. Clubs pre-register events with NSSA; once targets are thrown, they are considered registered and subsequently recorded by NSSA. Revenue is recognized as the targets are thrown by the club and recorded by NSSA.

Sales: NSSA sells sporting equipment for skeet shooting and clay shooting at the Ammo Barn and Pro-Shop located at the National Shooting Complex. Revenue is recognized when control of the goods is transferred to the customer, which generally occurs upon delivery to a third-party carrier or the customer.

NATIONAL SKEET SHOOTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

Revenue Recognition – continued

Sponsorships and Advertising: NSSA has entered into agreements with businesses and individuals for advertising and sponsorships that are generally renewed annually. The agreements entered into include multiple performance obligations, primarily for advertisements in published newsletters, magazines, event programs, and for signage on-site at the National Shooting Complex. The transaction price is allocated to each performance obligation using the relative stand-alone selling price, which is generally based on observable selling prices of the products and services included in the contracts.

Revenue from sponsorships is classified within donations, sponsorships, and affinity programs on the statement of activities. For the year ended November 30, 2023, revenue from sponsorships totaled \$521,423.

Contract Balances: The timing of revenue recognition may not align with the right to invoice the customer. NSSA records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded.

Payment terms on invoiced amounts are typically 30 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, NSSA has determined that a significant financing component generally does not exist. The primary purpose of NSSA's invoicing terms is to provide customers with simplified and predictable ways of purchasing the products and services and not to receive financing from or provide financing to the customer.

Donations and Affinity Programs: Contributions are recorded at fair value when NSSA is in possession of or receives an unconditional promise to give. Contributions are recorded as with or without donor restrictions based on the existence or nature of any donor restrictions. As donor or time restrictions are satisfied, net assets are reclassified to net assets without donor restrictions. 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 of more than one year are discounted to an estimated present value. Conditional promises to give are not recognized until the conditions on which they depend are met. No conditional promises to give have been received for the year ended November 30, 2023.

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.

NATIONAL SKEET SHOOTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

Revenue Recognition – continued

Unearned Exhibitor Buildings and camper rental revenue: NSSA leases three buildings to exhibitors and rental space to campers who have prepaid for the use of those facilities over a period of up to 10 years.

Functional Allocation of Expenses

The cost of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs including salaries, payroll benefits and taxes, depreciation, and repair and maintenance of facilities have been allocated among the programs and supporting services benefited.

Federal Income Taxes

NSSA is a nonprofit organization and is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (the “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. Uncertain tax provisions, if any, are recorded in accordance with accounting guidance for income taxes, which requires the recognition of a liability for tax provisions taken that do not meet the more likely than not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded as of November 30, 2023.

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 \$62,830 for the year ended November 30, 2023, and are expensed as incurred.

NATIONAL SKEET SHOOTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

Adoption of New Accounting Standards

In February 2016, the FASB issued ASC 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NSSA elected the package of practical expedients permitted under the transition guidance, allowing NSSA to carry forward conclusions related to: (a) whether expired or existing contracts contain leases; (b) lease classification; and (c) initial direct costs for existing leases. NSSA has elected not to record operating lease ROU assets or lease liabilities associated with leases with durations of 12 months or less. NSSA elected the practical expedient allowing aggregation of non-lease components with related lease components when evaluating the accounting treatment for all classes of underlying assets.

NSSA adopted this standard effective December 1, 2022, using the modified retrospective approach. In transitioning to ASC 842, NSSA elected to use the practical expedient package available at the time of implementation and did not elect to use hindsight. These elections have been applied consistently to all leases existing at, or entered into after, December 1, 2022 (the beginning of the period of adoption). As a result of the adoption of the new lease accounting guidance, we recognized on December 1, 2022, an ROU asset and a lease liability of approximately \$322,000. The standard did not materially impact our change in net assets and had no impact on cash flows.

C. Investments

Investments are valued at market value, as determined by their closing sales prices at November 30, 2023. The following are the major categories of assets measured at fair value on a recurring basis using quoted prices in active markets for identical assets at November 30, 2023:

	<u>Cost</u>	<u>Fair Market Value</u>
Cash	\$ 123,702	\$ 123,702
Domestic stocks	944,038	1,377,944
Certificates of deposit	1,500,000	1,499,756
Mutual funds	4,263,838	4,634,644
Money market funds	<u>1,520,256</u>	<u>1,520,256</u>
Total	<u>\$ 8,351,834</u>	<u>\$ 9,156,302</u>

NATIONAL SKEET SHOOTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (continued)

C. Investments – continued

During the year ended November 30, 2023, NSSA had brokerage fees of \$48,615 on these investments and other cash balances. These have been netted against investment income (loss) in the statement of activities.

D. Fair Value Measurements and Disclosures

The requirements of *Fair Value Measurements and Disclosures* of U.S. GAAP 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 are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: 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 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 segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Fair Value Measurement at November 30, 2023			
	Level 1	Level 2	Level 3	Total
Domestic stocks	\$ 1,377,944	\$ -	\$ -	\$ 1,377,944
Certificates of deposit	1,499,756	-	-	1,499,756
Money market funds	1,520,256	-	-	1,520,256
Mutual funds	4,634,644	-	-	4,634,644
	\$ 9,032,600	\$ -	\$ -	\$ 9,032,600
No fair value measurement assigned:				
Cash				123,702
				\$ 9,156,302

NATIONAL SKEET SHOOTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS *(continued)*

E. Profit Sharing Plan

The Board approved a profit-sharing plan (the “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 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 3% of the participants’ base compensation for the Plan year is made. Total contributions for the year ended November 30, 2023, were \$42,466.

F. Commitments and Contingencies

Claims and Litigation

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.

G. Line of Credit

In June 2020, NSSA entered into a \$3,000,000 line of credit, which expired June 2022, available with a local bank at prime rate plus 0.25% (8.75% at November 30, 2023). The collateral and security for the indebtedness is real property. On June 16, 2022, the line of credit was renewed for the same terms and matures in June 2024. There was no outstanding balance on the line of credit at November 30, 2023.

NATIONAL SKEET SHOOTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (continued)

H. Inventory

Inventory consists of the following at November 30, 2023:

General store merchandise	\$ 20,678
Targets	339,249
Ammunition	539,789
Guns	<u>119,381</u>
	<u><u>\$ 1,019,097</u></u>

I. Property and Equipment

A summary of property and equipment is as follows at November 30, 2023:

Land and improvements	\$ 4,475,909
Buildings and improvements	8,153,183
Equipment and furniture	2,546,581
Construction in progress	<u>312,879</u>
	15,488,552
Less accumulated depreciation	<u>8,230,419</u>
	<u><u>\$ 7,258,133</u></u>

J. Unearned and Deferred Revenue

Unearned and deferred revenue consists of the following at November 30, 2023:

Annual dues	
Sporting clays and skeet	\$ 119,650
Clubs	53,200
Six-year membership dues	373,461
Lifetime membership dues	3,811,839
Prepaid exhibitor buildings and camper rental	8,162
Advanced deposits-subsequent year shoots	<u>727,703</u>
	5,094,015
Less current portion	<u>1,427,011</u>
	<u><u>\$ 3,667,004</u></u>

NATIONAL SKEET SHOOTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (continued)

K. Major Suppliers

For the year ended November 30, 2023, approximately \$5,069,831 of NSSA's purchases were purchased from four suppliers. At November 30, 2023, there were no outstanding trade payables to these suppliers. Other suppliers would be available if needed.

L. Net Assets with Donor Restrictions

Net assets restricted by time or purpose consist of the following at November 30, 2023:

NCSA USA Sporting Clays Team	\$ 234,188
Scholarships	158,535
Youth education	68,627
NCSA Marketing Fund	852,295
NSSA Marketing Fund	539,361
Museum Fund	45,713
NSSA/NCSA Endowment Fund	1,082,916
Kolar US Open Future Event Fund	<u>3,248</u>
	<u>\$ 2,984,883</u>

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors are as follows at November 30, 2023:

NCSA USA Sporting Clays Team	\$ 189,051
Scholarships	22,049
Youth education	7,750
NCSA Marketing Fund	352,812
NSSA Marketing Fund	65,840
Krieghoff All American Program	37,424
Museum Fund	8,600
Kolar US Open Future Event Fund	<u>2,700</u>
	<u>\$ 686,226</u>

NATIONAL SKEET SHOOTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (continued)

M. Endowment Funds

Interpretation of Relevant Law for Donor-restricted Endowment Funds

In July 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”) as a modernized version of the Uniform Management of Institutional Funds Act of 1972, the model act governing the investment and management of donor-restricted endowment funds by not-for-profit organizations. Among its changes, UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund, including Subsection 4(a), which states, “unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution.”

Management has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (“TUPMIFA”) as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result, the NSSA classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets held in perpetuity is classified as net assets restricted by time or purpose until those amounts are appropriated for expenditure by NSSA in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, NSSA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of NSSA; and
- The investment policies of NSSA.

NATIONAL SKEET SHOOTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (continued)

M. Endowment Funds – continued

NSSA created the endowment fund in fiscal year 2022. The endowment net assets composition by type of fund is comprised of the following:

	November 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,082,916	\$ 1,082,916
Board-designated endowment funds	235,229	-	235,229
Total endowment funds	\$ 235,229	\$ 1,082,916	\$ 1,318,145

NSSA had the following changes in endowment net assets:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at November 30, 2022 (restated)	\$ 135,082	\$ 686,354	\$ 821,436
Contributions	107,527	348,058	455,585
Investment return, net	17,620	48,504	66,124
Appropriated for expenditure	(25,000)	-	(25,000)
Endowment net assets at November 30, 2023	\$ 235,229	\$ 1,082,916	\$ 1,318,145

Return Objectives and Risk Parameters

The NSSA endowment funds are managed by the investment manager, and NSSA has adopted an investment policy for the endowment assets, which attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that NSSA must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results which, when compared to the current marketplace, would be better than average performance for fund managers with similar styles primarily based upon three-year rolling returns and net of (after) investment fees and expenses. NSSA expects its endowment funds, over time, to provide an average rate of return comparable to the benchmarks outlined in the investment policy. Actual returns in any given year may vary from these benchmarks.

NATIONAL SKEET SHOOTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS *(continued)*

M. Endowment Funds – continued

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the investment manager diversifies its portfolio among a number of investments, within the feasibility of cost efficiency, to limit risk and maximize investment opportunities. The goal of the investment manager is to achieve consistent positive real returns and maximize long-term return within prudent levels of risk through a well-diversified portfolio of investments primarily in common stock and bond funds.

Spending Policy

NSSA's current practice is to approve the annual budget for appropriation of expenditures. A formal spending or disbursement policy has not been adopted since NSSA is building the endowment fund balance prior to appropriating amounts for expenditure.

N. 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.

O. Leases

A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Finance lease right-of-use assets ("ROU assets") represent NSSA's right to use an underlying asset for the lease term. Finance lease liabilities ("lease liabilities") represent NSSA's obligation to make lease payments arising from the lease. NSSA determines if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. NSSA excludes short-term leases having initial terms of 12 months or less from ROU assets and lease liabilities and recognizes rent expense on a straight-line basis over the lease term.

NSSA has leases for certain equipment. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. NSSA has lease extension terms for our office spaces that have either been extended or are likely to be extended. The terms used to calculate the ROU assets and lease liabilities for these properties include the renewal options that NSSA is reasonably certain to exercise.

NATIONAL SKEET SHOOTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (continued)

O. Leases – continued

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, NSSA utilizes its secured borrowing rate. ROU assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both ROU assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs. NSSA’s lease agreements do not contain significant residual value guarantees, restrictions, or covenants.

Total finance lease costs for amortization of ROU assets and interest on lease liabilities were approximately \$73,000. Short-term lease costs, for leases with terms of less than 12 months, during 2023 were approximately \$194,000.

Maturities of lease liabilities as of November 30, 2023, are as follows:

	Finance Leases
2024	\$ 70,090
2025	40,315
2026	36,592
2027	31,380
Thereafter	20,920
Total lease payments	199,297
Less present value discount	(15,427)
Lease liabilities	\$ 183,870

Weighted average lease term and discount rate as of November 30, 2023, are as follows:

Weighted average remaining lease term (years)	
Financing leases	3.82
Weighted average discount rate	
Financing leases	4.09%

Cash paid during the year ended November 30, 2023, for finance leases is as follows:

Finance leases	
Operating cash flows	\$ 4,408
Financing cash flows	\$ 73,460

ROU assets obtained in exchange for lease liabilities during November 30, 2023, are as follows:

Finance leases	\$ 321,915
----------------	------------

NATIONAL SKEET SHOOTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS *(continued)*

P. 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. The contract is in effect until December 31, 2024. Synergy receives commissions of 20% for new sponsors and for new sponsor agreements from existing sponsors, and 15% for all renewing sponsorship agreements. Synergy also receives a 15% commission on advertising sales for existing advertisers and a 20% commission on advertising sales for new advertisers in the first 12 months. During the year ended November 30, 2023, \$79,257 was billed and expensed in relation to this contract.

Q. Financial Assets Available and Liquidity

The following reflects NSSA's financial assets as of November 30, 2023, reduced by amounts not available for general expenditures due to contractual or donor-imposed restrictions within one year.

Cash	\$ 158,891
Accounts receivable-trade and life members	179,711
Pledges receivable	293,500
Other receivables, net	50,941
Investments	8,131,657
Endowment investments	1,024,645
Inventory	<u>1,019,097</u>
Total financial assets	10,858,442
Less:	
Amounts subject to donor restrictions	2,984,883
Amounts board-designated	<u>235,229</u>
Financial assets not available to be used within one year	<u>3,220,112</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 7,638,330</u></u>

NSSA is supported by membership dues, event and target fees, advertising revenue, donations and sponsorship programs, merchandise sales, rental income, and investment income. All sources of income without donor restrictions are considered to be available to meet cash needs for general expenditures. General expenditures include program and support, fundraising and development, management and general, and membership magazine expenses.

NATIONAL SKEET SHOOTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (continued)

Q. Financial Assets Available and Liquidity – continued

NSSA manages its cash available to meet general expenditures by operating within a prudent range of financial soundness and stability and maintaining a sufficient level of asset liquidity. NSSA also has access to a line of credit available with a local bank in the amount of \$3,000,000 to draw upon as needed. See Note G.

NSSA’s governing board has designated a portion of its resources to support future expenses related to maintaining life memberships. Those amounts are identified in the table above.

R. Restatement

Subsequent to the issuance of the financial statements for the year ended November 30, 2022, dated October 10, 2023, it was determined that amounts contributing to the beginning balance of net assets at December 1, 2022, were misstated. The balances impacted included donations revenue and pledges receivable. The effects of this restatement are summarized as follows on the statement of activities for the year ended November 30, 2023:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>Restated Balance</u>
Net assets without donor restrictions at beginning of year	\$ 8,110,895	\$ (103,607)	\$ 8,007,288
Net assets with donor restrictions at beginning of year	\$ 2,152,205	\$ 418,107	\$ 2,570,312
Total net assets at beginning of year	\$10,263,100	\$ 314,500	\$10,577,600

S. Subsequent Events

In preparing the financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through September 20, 2024, the date the financial statements were available for issuance.