

National Skeet Shooting Association

Financial Report and Supplementary Information
November 30, 2021

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RSM US LLP

Independent Auditor's Report

Audit Committee of 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, 2021 and 2020, the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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, 2021 and 2020, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, as of December 1, 2020, the National Skeet Shooting Association adopted new accounting guidance, Topic 606, Revenue Recognition from Contracts with Customers, of the FASB Accounting Standards Codification. Our opinion is not modified with respect to this matter.

RSM US LLP

San Antonio, Texas
July 13, 2022

National Skeet Shooting Association

Statements of Financial Position November 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 1,803,870	\$ 1,048,767
Receivables:		
Trade	171,423	217,627
Life members	10,474	95,098
Other	75,119	-
Inventory	668,546	393,425
Prepaid expenses	248,561	211,145
Total current assets	2,977,993	1,966,062
Property and equipment, net	6,847,322	6,457,649
Investments—cash and marketable securities (Note 2)	5,528,421	4,922,722
Total assets	\$ 15,353,736	\$ 13,346,433
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 639,559	\$ 693,086
Current portion of unearned and deferred revenue	1,321,423	1,041,486
Current maturities of long-term debt	38,852	8,482
Current portion of capital lease obligation	-	9,058
Total current liabilities	1,999,834	1,752,112
Long-term liabilities:		
Line of credit	-	248,486
Unearned and deferred revenue, less current portion	3,855,801	4,512,936
Long-term debt, less current portion	339,948	23,325
Total long-term liabilities	4,195,749	4,784,747
Total liabilities	6,195,583	6,536,859
Net assets:		
Without donor restrictions	7,244,658	5,397,954
With donor restrictions	1,913,495	1,411,620
Total liabilities and net assets	\$ 15,353,736	\$ 13,346,433

See notes to financial statements.

National Skeet Shooting Association

Statement of Activities Year Ended November 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support and other changes:			
Membership dues—individual and clubs	\$ 1,502,599	\$ -	\$ 1,502,599
Event registration, tickets and entry fees	4,548,660	-	4,548,660
Registered target fees collected	1,174,642	394,087	1,568,729
Advertising revenue	534,996	-	534,996
Donations, sponsorships and affinity programs	459,033	367,969	827,002
Instructor school and referee certification	174,091	-	174,091
Open shooting/practice	601,141	-	601,141
Rental income	750,177	-	750,177
Sales	1,655,472	-	1,655,472
Net investment income	444,575	-	444,575
Net assets released from restrictions	260,181	(260,181)	-
Total revenues, support and other changes	12,105,567	501,875	12,607,442
Program expenses:			
Association expenses	1,695,794	-	1,695,794
Shooting complex expenses	5,337,390	-	5,337,390
Total program expenses	7,033,184	-	7,033,184
Support services:			
Fundraising and development	188,800	-	188,800
Management and general	1,524,045	-	1,524,045
Membership magazines	858,726	-	858,726
Total support services	2,571,571	-	2,571,571
Total expenses	9,604,755	-	9,604,755
Abandoned software	654,108	-	654,108
Total expenses and losses	10,258,863	-	10,258,863
Increase in net assets	1,846,704	501,875	2,348,579
Net assets at beginning of year	5,397,954	1,411,620	6,809,574
Net assets at end of year	\$ 7,244,658	\$ 1,913,495	\$ 9,158,153

See notes to financial statements.

National Skeet Shooting Association

Statement of Activities Year Ended November 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support and other changes:			
Membership dues—individual and clubs	\$ 1,354,953	\$ -	\$ 1,354,953
Event registration, tickets and entry fees	2,455,976	-	2,455,976
Registered target fees collected	866,073	290,219	1,156,292
Advertising revenue	517,769	-	517,769
Donations, sponsorships and affinity programs	410,520	219,664	630,184
Instructor school and referee certification	124,030	-	124,030
Open shooting/practice	419,472	-	419,472
Rental income	524,801	-	524,801
Sales	646,458	-	646,458
Net investment income	509,170	-	509,170
Other income	414,100	-	414,100
Net assets released from restrictions	201,378	(201,378)	-
Total revenues, support and other changes	8,444,700	308,505	8,753,205
Program expenses:			
Association expenses	1,172,099	-	1,172,099
Shooting complex expenses	4,108,510	-	4,108,510
Total program expenses	5,280,609	-	5,280,609
Support services:			
Fundraising and development	136,056	-	136,056
Management and general	1,333,337	-	1,333,337
Membership magazines	872,852	-	872,852
Total support services	2,342,245	-	2,342,245
Total expenses	7,622,854	-	7,622,854
Increase in net assets	821,846	308,505	1,130,351
Net assets at beginning of year	9,126,359	1,103,115	10,229,474
Cumulative effect for the adoption of ASC Topic 606	(4,550,251)	-	(4,550,251)
Net assets at end of year	<u>\$ 5,397,954</u>	<u>\$ 1,411,620</u>	<u>\$ 6,809,574</u>

See notes to financial statements.

National Skeet Shooting Association

Statements of Cash Flows

Years Ended November 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 2,348,579	\$ (3,419,900)
Cumulative effect for the adoption of ASC Topic 606	-	4,550,251
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	495,146	525,373
Abandoned software	654,108	-
Gain (loss) on sale of assets	17,655	(48,011)
Net realized and unrealized gain on fair value of marketable securities	(1,030,898)	(409,993)
Forgiveness of Paycheck Protection Program (PPP) Loan	-	(414,100)
Changes in:		
Receivables	55,709	80,475
Inventory	(275,121)	26,567
Prepaid expenses	(37,416)	(17,973)
Accounts payable and accrued expenses	(53,527)	(218,692)
Unearned and deferred revenue	(377,198)	120,074
Net cash provided by operating activities	1,797,037	774,071
Cash flows from investing activities:		
Capital expenditures	(1,539,302)	(622,521)
Purchases of investments	(1,824,638)	(554,761)
Proceeds from sale of land and equipment	(17,280)	50,599
Sales and maturities of investments	2,249,837	615,908
Net cash used in investing activities	(1,131,383)	(510,775)
Cash flows from financing activities:		
Proceeds from borrowings of line of credit	-	550,000
Proceed from issuance of PPP Loan	378,800	414,100
Payments on long-term debt	(31,807)	(8,482)
Payments on line of credit	(248,486)	(301,514)
Payments on capital lease obligations	(9,058)	(21,285)
Net cash provided by financing activities	89,449	632,819
Net increase in cash	755,103	896,115
Cash at beginning of year	1,048,767	152,652
Cash at end of year	\$ 1,803,870	\$ 1,048,767
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 2,327	\$ 11,444
Supplemental disclosures of noncash flow information:		
Fair market value of donated inventory	\$ 136,188	\$ 169,769
Transition adjustment to deferred revenue for implementation of new standard	\$ -	\$ (4,550,251)

See notes to financial statements.

National Skeet Shooting Association

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 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.

Basis of presentation: The financial statements of NSSA have been prepared on the accrual basis of accounting applicable to nonprofit organizations in accordance with U.S. GAAP.

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.

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 statements 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.

National Skeet Shooting Association

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies (Continued)

Adopted accounting pronouncements: Effective December 1, 2020, NSSA adopted the Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. NSSA adopted the guidance retrospectively, which resulted in changes to fair value measurement disclosures.

Recent accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB), issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, effective January 2022, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

A modified retrospective transition approach is required. The new standard provides a number of practical expedients. Upon adoption, NSSA expects to elect all the practical expedients available. NSSA is currently evaluating the impact of the adoption of this guidance on its financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requiring an entity to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets as well as enhanced disclosures. ASU No. 2020-07 should be applied on a retrospective basis and effective for NSSA for its year ending November 30, 2022. NSSA is currently evaluating the effects adoption of this guidance will have on the financial statements.

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 statements 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.

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, 2021 and 2020, 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, 2021 and 2020, all inventory was stated at cost, which was less than net realizable value.

National Skeet Shooting Association

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies (Continued)

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 abandoned software during the year ended November 30, 2021, resulting in a loss of \$654,108. NSSA did not recognize an impairment loss during the year ended November 30, 2020.

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.

Revenue recognition: NSSA recognizes non-contribution revenue in accordance with Accounting Standards Codification (ASC) 606, which was adopted using the full retrospective approach as of December 1, 2020, and 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 and entry fees: Registration, ticket and entry fees are recognized when the performance obligation is satisfied, which is at the time the event occurs.

National Skeet Shooting Association

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies (Continued)

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.

Sponsorships and advertising: NSSA has entered into agreements with business 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 statements of activities. For the years ended November 30, 2021 and 2020, revenue from sponsorships totaled \$426,269 and \$323,266, respectively.

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.

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

Note 1. Organization and Significant Accounting Policies (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 expenses: The cost of providing various programs and activities have been summarized on a functional basis in the statements 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, 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 at November 30, 2021 and 2020.

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 \$42,695 and \$24,871 for the years ended November 30, 2021 and 2020, respectively, and are expensed as incurred.

Subsequent events: As discussed in Note 10 and Note 17, NSSA received funding in the amount of \$378,800 pursuant to loans under the Paycheck Protection Program as enacted under the Coronavirus Aid, Relief, and Economic Security Act of 2020. The loan was forgiven in May 2022. NSSA has evaluated subsequent events through July 13, 2022, the date financial statements were available to be issued.

National Skeet Shooting Association

Notes to Financial Statements

Note 2. Investments

As of November 30, 2021 and 2020, cash and marketable securities with a total fair market value of \$5,528,421 and \$4,922,722, 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. All securities are valued at market value, as determined by their closing sales prices at November 30, 2021 and 2020. All balances are unrestricted.

The following are the major categories of assets measured at fair value on a recurring basis as of November 30, 2021 and 2020, using quoted prices in active markets for identical assets:

	November 30, 2021		November 30, 2020	
	Cost	Fair Market Value	Cost	Fair Market Value
Cash	\$ 680,475	\$ 680,475	\$ 963,653	\$ 963,653
Domestic stocks	838,865	1,262,114	520,428	980,371
Mutual funds:				
United States equity funds	1,490,460	2,195,956	805,430	1,256,264
United States bond funds	1,369,239	1,389,876	931,200	1,013,004
International equity funds	-	-	416,082	488,462
International bond funds	-	-	231,689	220,968
	<u>\$ 4,379,039</u>	<u>\$ 5,528,421</u>	<u>\$ 3,868,482</u>	<u>\$ 4,922,722</u>

During the years ended November 30, 2021 and 2020, NSSA had brokerage fees of \$36,489 and \$26,569, respectively, on these investments and other cash balances. These have been netted against investment income in the statements of activities.

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 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.

National Skeet Shooting Association

Notes to Financial Statements

Note 3. Fair Value Measurements and Disclosures (Continued)

The following table summarizes the assets measured at fair value on a recurring basis as of November 30, 2021 and 2020, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Fair Value Measurement at November 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Domestic stocks	\$ 1,262,114	\$ -	\$ -	\$ 1,262,114
Mutual funds:				
United States equity funds	2,195,956	-	-	2,195,956
United States bond funds	1,389,876	-	-	1,389,876
	<u>\$ 4,847,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,847,946</u>
No fair value measurement assigned:				
Cash				680,475
				<u>\$ 5,528,421</u>
	Fair Value Measurement at November 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Domestic stocks	\$ 980,371	\$ -	\$ -	\$ 980,371
Mutual funds:				
United States equity funds	1,256,264	-	-	1,256,264
United States bond funds	1,013,004	-	-	1,013,004
International equity funds	488,462	-	-	488,462
International bond funds	220,968	-	-	220,968
	<u>\$ 3,959,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,959,069</u>
No fair value measurement assigned:				
Cash				963,653
				<u>\$ 4,922,722</u>

Note 4. Profit Sharing Plan

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

This plan was restated effective January 1, 2005, as the National Skeet Shooting Association 401(k) Profit Sharing Plan. A nonelective matching contribution up to 3% of the participants' base compensation for the plan year is made. Total contributions for the years ended November 30, 2021 and 2020, were \$17,356 and \$21,449, respectively.

Note 5. Commitments and Contingent Liabilities

Leases: NSSA leases certain equipment under a capital lease. The equipment cost \$62,800 and is included in equipment and furniture in the accompanying statements of financial position. Amortization expense totaled approximately \$0 and \$9,000 at November 30, 2021 and 2020, respectively.

National Skeet Shooting Association

Notes to Financial Statements

Note 5. Commitments and Contingent Liabilities (Continued)

NSSA leases various equipment pursuant to noncancelable operating lease agreements expiring through 2026. Lease expense for these and other leases for the years ended November 30, 2021 and 2020, totaled \$104,520 and \$122,863, respectively.

Future minimum lease payments under noncancelable operating leases as of November 30, 2021, were as follows:

	Operating Leases
Years ending November 30:	
2022	\$ 57,703
2023	41,311
2024	8,935
2025	8,935
2026	5,212
Future minimum lease payments	<u>\$ 122,096</u>

Amortization of assets held under capital leases for the year ended November 30, 2020 is included with depreciation expense. There was no amortization of assets held under capital leases for the year ended November 30, 2021.

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.

Note 6. Line of Credit

In June 2020, NSSA entered into a \$3,000,000 line of credit, which expires June 2022, available with a local bank at prime rate plus 0.25%. The collateral and security for the indebtedness is real property. There was a balance of \$0 outstanding on this line of credit at November 30, 2021 (\$248,486 at November 30, 2020).

Note 7. Inventory

Inventory consists of the following:

	November 30	
	2021	2020
General store merchandise	\$ 14,192	\$ 9,367
Targets	275,292	158,750
Ammunition	239,085	48,184
Guns	139,977	177,124
	<u>\$ 668,546</u>	<u>\$ 393,425</u>

National Skeet Shooting Association

Notes to Financial Statements

Note 8. Property and Equipment

A summary of property and equipment is as follows:

	November 30	
	2021	2020
Land and improvements	\$ 4,475,909	\$ 3,180,435
Buildings and improvements	7,020,493	7,017,860
Equipment and furniture	2,522,237	2,457,054
Construction in progress	275,597	753,668
	<u>14,294,236</u>	<u>13,409,017</u>
Less accumulated depreciation	7,446,914	6,951,368
	<u>\$ 6,847,322</u>	<u>\$ 6,457,649</u>

In February 2018, NSSA began a database modernization project. In November 2021, NSSA management determined the project was not going to meet their needs and abandoned the project. This resulted in a loss on abandonment of \$654,108. In December 2021, 23 acres of property adjoining the National Shooting Complex were purchased for approximately \$1,250,000.

Note 9. Unearned and Deferred Revenue

Unearned and deferred revenue consisted of the following:

	November 30	
	2021	2020
Annual dues:		
Sporting clays and skeet	\$ 113,540	\$ 158,265
Clubs	37,370	28,425
Six-year membership dues	373,284	431,516
Lifetime membership dues	3,988,031	4,272,083
Prepaid exhibitor buildings and camper rentals	42,141	42,193
Advanced deposits—subsequent year shoots	622,858	621,940
	<u>5,177,224</u>	<u>5,554,422</u>
Less current portion	1,321,423	1,041,486
	<u>\$ 3,855,801</u>	<u>\$ 4,512,936</u>

Note 10. Long-Term Debt

In February 2021, NSSA received a Paycheck Protection Program loan, discussed further in Note 17. Future minimum payments under the loan as of November 30, 2021, were as follows:

Years ending November 30:		
2022		\$ 38,852
2023		106,192
2024		107,259
2025		108,336
2026		18,161
		<u>\$ 378,800</u>

National Skeet Shooting Association

Notes to Financial Statements

Note 11. Major Suppliers

For the year ended November 30, 2021, approximately \$5,184,000 of NSSA's purchases was purchased from five suppliers. At November 30, 2021, there were \$0 in trade payables to these suppliers. Other suppliers would be available if needed.

For the year ended November 30, 2020, approximately \$2,578,000 of NSSA's purchases was purchased from three suppliers. At November 30, 2020, there were \$58,500 in trade payables to these suppliers. Other suppliers would be available if needed.

Note 12. Net Assets With Donor Restrictions

Net assets with donor restrictions and changes in net assets with donor restrictions are as follows:

	Balance at November 30, 2020	Donations	Net Assets Released From Restrictions	Balance at November 30, 2021
Subject to expenditure for a specific purpose:				
NSSA USA Sporting Clays Team	\$ 49,061	\$ 243,067	\$ 47,819	\$ 244,309
Scholarships	87,411	1,000	13,542	74,869
Youth education	73,649	4,292	2,300	75,641
NSSA Marketing Fund	669,036	299,838	166,826	802,048
NSSA Marketing Fund	448,135	94,249	4,842	537,542
Krieghoff All American Program	12,500	18,750	18,750	12,500
NSSA Masters Fund	5,000	-	5,000	-
Foundation Establishment Fund	50,000	-	-	50,000
NSSA 2022 US Open Fund	-	2,400	-	2,400
Endowment Establishment Fund	-	80,078	-	80,078
Museum Fund	16,828	18,382	1,102	34,108
	<u>\$ 1,411,620</u>	<u>\$ 762,056</u>	<u>\$ 260,181</u>	<u>\$ 1,913,495</u>
	Balance at November 30, 2019	Donations	Net Assets Released From Restrictions	Balance at November 30, 2020
Subject to expenditure for a specific purpose:				
NSSA USA Sporting Clays Team	\$ 2,081	\$ 101,201	\$ 54,221	\$ 49,061
Scholarships	71,406	23,000	6,995	87,411
Youth education	73,011	4,660	4,022	73,649
NSSA Marketing Fund	529,801	223,399	84,164	669,036
NSSA Marketing Fund	414,316	66,820	33,001	448,135
Krieghoff All American Program	12,500	18,750	18,750	12,500
NSSA Masters Fund	-	5,000	-	5,000
Foundation Establishment Fund	-	50,000	-	50,000
Museum Fund	-	17,053	225	16,828
	<u>\$ 1,103,115</u>	<u>\$ 509,883</u>	<u>\$ 201,378</u>	<u>\$ 1,411,620</u>

National Skeet Shooting Association

Notes to Financial Statements

Note 13. 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 14. 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, 2018, and was extended through December 31, 2022, with no other modifications. 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 fiscal year, \$161,789 was billed and expensed in relation to this contract (\$159,669 in 2020).

Note 15. Classification of Expenses

The following reflects the classification of NSSA's expenses, by both the underlying nature of the expense and function, as of November 30, 2021 and 2020. An individual expense is allocated to the underlying activity through which it was incurred. The statement of activities includes certain expenses that must be allocated on a reasonable basis, which has been consistently applied. Management has identified the salaries and cost of sales directly related to each function and those costs are appropriately charged to the program or support function to which they relate. Depreciation and property taxes are charged to functions based on specific assets used in the functions. Fundraising and development expenses result from expenses of the USA Sporting Clay team and the direct expenses of salary and travel for the marketing function. These are stand-alone activities and therefore no other management expenses are allocated to them.

	Functional Expenses							Total
	Program Activities			Supporting Activities				
	Skeet Association	Sporting Clays Association	National Shooting Complex	Fundraising and Development	Management and General	Membership Magazines		
Salaries, benefits and taxes	\$ 193,246	\$ 254,850	\$ 956,553	\$ -	\$ 848,102	\$ 61,115	\$ 2,313,866	
Cost of sales	6,943	10,806	629,433	-	-	-	647,182	
Advertising and promotional	18,787	17,249	12,989	115,708	-	-	164,733	
Contracted services—events	71,256	205,618	651,183	-	-	-	928,057	
Prizes and awards	177,070	109,217	784,053	8,750	-	-	1,079,090	
Printing and editing	-	-	-	-	-	723,683	723,683	
Travel	15,510	29,493	105,804	550	2,176	-	153,533	
Targets	-	-	646,195	-	-	-	646,195	
Facilities and maintenance	9,963	11,846	533,534	4,344	230,324	-	790,011	
Depreciation	21,396	24,492	449,657	-	-	-	495,545	
Professional fees	2,775	2,775	-	533	102,315	11,250	119,648	
Instructor school/referee certification	16,975	110,416	-	-	-	-	127,391	
Insurance	-	-	5,959	-	182,426	-	188,385	
Supplies and other expenses	25,812	75,710	214,221	1,414	59,567	59,857	436,581	
Banking/financial services	25,070	100,721	29,293	-	44,061	2,821	201,966	
Equipment rental/lease	-	-	81,372	-	52,815	-	134,187	
Grants/donations/scholarships	41,325	85,766	-	57,501	-	-	184,592	
Interest expense	-	-	68	-	2,259	-	2,327	
Event expenses	15,423	15,284	237,076	-	-	-	267,783	
Total expenses	\$ 641,551	\$ 1,054,243	\$ 5,337,390	\$ 188,800	\$ 1,524,045	\$ 858,726	\$ 9,604,755	

National Skeet Shooting Association

Notes to Financial Statements

Note 15. Classification of Expenses (Continued)

	Functional Expenses						Total
	2020						
	Program Activities			Supporting Activities			
Skeet Association	Sporting Clays Association	National Shooting Complex	Fundraising and Development	Management and General	Membership Magazines		
Salaries, benefits and taxes	\$ 317,140	\$ 284,612	\$ 935,811	\$ -	\$ 755,267	\$ 61,818	\$ 2,354,648
Cost of sales	782	12,646	408,309	-	-	-	421,737
Advertising and promotional	12,147	10,631	12,989	82,965	-	-	118,732
Contracted services—events	49,356	495	531,351	-	-	-	581,202
Prizes and awards	43,136	38,918	511,184	8,750	-	-	601,988
Printing and editing	-	-	808	-	-	728,143	728,951
Travel	(1,998)	(5,032)	67,317	550	6,703	-	67,540
Targets	-	-	429,675	-	-	-	429,675
Facilities and maintenance	9,302	14,865	431,612	4,344	202,001	-	662,124
Depreciation	19,976	26,061	478,640	-	56	640	525,373
Professional fees	37,090	37,290	-	533	82,983	2,590	160,486
Instructor school/referee certification	23,424	47,002	-	-	-	-	70,426
Insurance	80	25	3,734	-	174,848	-	178,687
Supplies and other expenses	26,814	36,585	187,073	1,414	28,143	76,322	356,351
Banking/financial services	22,338	73,780	26,336	-	12,521	3,339	138,314
Equipment rental/lease	-	-	24,407	-	59,987	-	84,394
Grants/donations/scholarships	14,250	18,343	-	37,500	-	-	70,093
Interest expense	-	-	616	-	10,828	-	11,444
Event expenses	1,443	598	58,648	-	-	-	60,689
Total expenses	\$ 575,280	\$ 596,819	\$ 4,108,510	\$ 136,056	\$ 1,333,337	\$ 872,852	\$ 7,622,854

Note 16. Financial Assets Available and Liquidity

The following reflects NSSA's financial assets as of November 30, 2021 and 2020, reduced by amounts not available for general expenditures due to contractual or donor-imposed restrictions within one year.

	November 30	
	2021	2020
Cash	\$ 1,803,870	\$ 1,048,767
Accounts receivable—trade and life members	181,897	312,725
Other receivables, net	75,119	-
Investments	5,528,421	4,922,722
Inventory	668,546	393,425
Total financial assets	8,257,853	6,677,639
Less:		
Amounts subject to donor restrictions	1,913,495	1,411,620
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,344,358	\$ 5,266,019

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

Note 16. 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 6 for details.

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.

Note 17. Paycheck Protection Program Loan

On April 15, 2020, NSSA received funding in the amount of \$414,100 pursuant to loans under the Paycheck Protection Program as enacted under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020. The loan was set to mature in 2022 and yield 1% annually with potential for certain amounts to be forgiven based on the use of the funds. NSSA determined through qualified use of the funds as noted in the CARES Act, that the full amount of the loan qualified for forgiveness. In November 2020, NSSA received forgiveness from the U.S. Small Business Association. As such, the forgiveness of the Paycheck Protection Program loan is included in other income in the statement of activities for the year ended November 30, 2021 and net assets for the year then ended. As discussed in Note 10, NSSA received funding in the amount of \$378,800 pursuant to loans under the Paycheck Protection Program as enacted under the Coronavirus Aid, Relief, and Economic Security Act of 2020. The loan bears a 1% annual interest rate and is set mature in February 2026.

Supplementary Information

Independent Auditor's Report on the Supplementary Information

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, 2021 and 2020, and have issued our report thereon dated July 13, 2022, 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.

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 2021 total revenues and expenses presented within the supplementary information and the comparative totals for 2020 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 2021 and 2020 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
July 13, 2022

National Skeet Shooting Association

Comparative Schedule of Revenues and Expenses by Activity Year Ended November 30, 2021 With Comparative Totals for 2020

	Skeet Association	Sporting Clays Association	National Shooting Complex	Fundraising and Development	Management and General	Membership Magazines*	2021 Total	2020 Total
Revenues:								
Membership dues (individuals/clubs)	\$ 275,023	\$ 914,296	\$ 313,280	\$ -	\$ -	\$ -	\$ 1,502,599	\$ 1,354,953
Event registration/tickets/entry fees	290,687	24,937	4,233,036	-	-	-	4,548,660	2,455,976
Registered target fees collected	275,919	898,177	545	394,088	-	-	1,568,729	1,156,292
Advertising revenue	140	-	4,700	-	-	530,156	534,996	517,769
Donations/sponsorship/affinity programs	124,746	70,195	296,420	335,641	-	-	827,002	630,184
Instructor school/referee certification	29,600	144,461	30	-	-	-	174,091	124,030
Open shooting/practice	-	-	601,141	-	-	-	601,141	419,472
Rental—exhibitors/cart barn/cell tower	-	-	589,787	-	-	-	589,787	402,838
Rental—RV spaces	-	-	160,390	-	-	-	160,390	121,963
Sales—ammunition	-	-	1,149,653	-	-	-	1,149,653	350,192
Sales—merchandise	6,187	11,209	119,521	-	-	13,653	150,570	81,166
Sales/revenue—other	14,699	32,322	308,228	-	-	-	355,249	215,100
Investment income less brokerage fees	82,298	115,375	246,902	-	-	-	444,575	923,270
Total revenues	\$ 1,099,299	\$ 2,210,972	\$ 8,023,633	\$ 729,729	\$ -	\$ 543,809	\$ 12,607,442	\$ 8,753,205

*Printed and electronic periodicals

National Skeet Shooting Association

Comparative Schedule of Revenues and Expenses by Activity (Continued) Year Ended November 30, 2021 With Comparative Totals for 2020

	Skeet Association	Sporting Clays Association	National Shooting Complex	Fundraising and Development	Management and General	Membership Magazines*	2021 Total	2020 Total
Expenses:								
Salaries	\$ 144,709	\$ 191,792	\$ 750,171	\$ -	\$ 665,964	\$ 56,789	\$ 1,809,425	\$ 1,813,191
Employee benefits and payroll taxes	48,537	63,058	206,382	-	182,138	4,326	504,441	541,457
Accounting/auditing fees	-	-	-	-	40,775	-	40,775	40,600
Advertising and promotional	18,787	17,249	12,989	115,709	-	-	164,734	118,732
Banking/financial services	25,070	100,721	29,293	-	44,061	2,821	201,966	138,314
Board expenses	160	-	-	-	-	-	160	4,163
Club and member expenses	2,589	17,948	4,763	-	-	-	25,300	13,137
Consultants	2,775	2,775	-	533	-	11,250	17,333	77,503
Contracted services—events	71,256	205,618	563,650	-	-	-	840,524	581,202
Cost of sales—ammunition	-	-	497,052	-	-	-	497,052	307,130
Cost of sales—merchandise	6,943	10,806	79,692	-	-	-	97,441	50,749
Cost of sales/revenue—other	-	-	52,689	-	-	-	52,689	63,858
Dues/fees/subscriptions	917	267	4,976	-	3,131	-	9,291	24,173
Equipment rental/lease	-	-	81,372	-	52,815	-	134,187	84,394
Event preparation and cleanup—outside services	-	-	87,532	-	-	-	87,532	9,142
Food/ice/parties/banquets	15,423	15,284	238,325	-	-	-	269,032	51,547
Grants/donations/scholarships	41,325	85,766	-	57,500	-	-	184,591	70,093
Instructor school/referee certification	16,975	110,416	-	-	-	-	127,391	70,426
Insurance	-	-	5,959	-	182,426	-	188,385	178,687
Interest expense	-	-	68	-	2,259	-	2,327	11,444
Legal	-	-	-	-	49,060	-	49,060	42,383
Maintenance and repairs	363	246	259,721	4,344	-	-	264,674	164,835
Printing and editing	-	-	808	-	-	723,683	724,491	728,951
Prizes and awards	177,070	109,217	784,053	8,750	-	-	1,079,090	601,988
Shipping and postage	16,410	48,444	16,925	971	17,245	59,857	159,852	124,960
Supplies and materials	4,958	8,055	157,947	443	34,293	-	205,696	124,307
Other expenses	778	750	31,898	-	5,366	-	38,792	62,631
Staff development	-	-	-	-	4,490	-	4,490	2,981
Targets	-	-	646,195	-	-	-	646,195	429,675
Telephone	-	-	-	-	62,797	-	62,797	67,274
Travel	15,510	29,493	105,804	550	2,176	-	153,533	67,540
Utilities	-	-	-	-	167,526	-	167,526	134,727
Depreciation	21,396	24,492	424,657	-	-	-	470,545	525,374
Property taxes	9,600	11,846	300,813	-	-	-	322,259	295,286
Total expenses	\$ 641,551	\$ 1,054,243	\$ 5,343,734	\$ 188,800	\$ 1,516,522	\$ 858,726	\$ 9,603,576	\$ 7,622,854

*Printed and electronic periodicals