

# **National Skeet Shooting Association**

## **Financial Statements and Supplementary Information**

November 30, 2015 and 2014

# National Skeet Shooting Association

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# Padgett Stratemann

## Independent Auditor's Report

To the Board of Directors  
National Skeet Shooting Association  
San Antonio, Texas

### ***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, 2015 and 2014, and the related statements of activities and net assets and cash flows for the years then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to NSSA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NSSA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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, 2015 and 2014, 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.

*Padgett, Statemann + Co., L.L.P.*

San Antonio, Texas

January 25, 2016

# National Skeet Shooting Association

## Statements of Financial Position

November 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Current Assets</b>		
Cash	\$ 1,266,842	\$ 1,809,125
Receivables:		
Trade – net	211,464	154,533
Life members	41,865	58,460
Other	30,265	4,425
Inventory	467,914	427,438
Prepaid expenses	173,618	140,945
	<u>2,191,968</u>	<u>2,594,926</u>
<b>Property and Equipment – net</b>	4,898,076	4,908,518
<b>Other Assets – cash equivalents and marketable securities (footnote 2)</b>	<u>3,031,523</u>	<u>3,091,990</u>
<b>Total assets</b>	<u>\$ 10,121,567</u>	<u>\$ 10,595,434</u>
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 524,918	\$ 448,167
Current maturities of postemployment retirement benefits – former Executive Director	113,424	106,834
Current maturities of long-term debt	79,722	76,716
Current portion of unearned and deferred revenue	368,817	636,455
	<u>1,086,881</u>	<u>1,268,172</u>
<b>Long-Term Liabilities</b>		
Postemployment retirement benefits – former Executive Director – less current maturities	110,127	223,551
Long-term debt – less current maturities	33,951	113,554
Unearned and deferred revenue – less current portion	130,248	152,973
	<u>274,326</u>	<u>490,078</u>
<b>Total liabilities</b>	<u>1,361,207</u>	<u>1,758,250</u>
<b>Net Assets</b>		
Unrestricted:		
Undesignated	5,892,190	6,098,959
Designated for life members	2,053,643	2,094,751
Temporarily restricted	814,527	643,474
	<u>8,760,360</u>	<u>8,837,184</u>
<b>Total liabilities and net assets</b>	<u>\$ 10,121,567</u>	<u>\$ 10,595,434</u>

Notes to the financial statements form an integral part of these statements.

# National Skeet Shooting Association

## Statement of Activities and Net Assets

Year Ended November 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, support, and other changes:			
Membership dues – individual and clubs	\$ 1,016,037	\$ -	\$ 1,016,037
Event registration, tickets, and entry fees	3,791,783	-	3,791,783
Registered target fees collected	1,109,359	369,029	1,478,388
Advertising revenue	231,157	-	231,157
Donations, sponsorships, and affinity programs	412,980	334,223	747,203
Instructor school and referee certification	101,075	-	101,075
Open shooting/practice	542,949	-	542,949
Rental income	380,991	-	380,991
Sales	1,038,808	-	1,038,808
Net investment income (loss)	(47,377)	-	(47,377)
Net assets released from restrictions	532,199	(532,199)	-
	<u>9,109,961</u>	<u>171,053</u>	<u>9,281,014</u>
Total revenues, support, and other changes			
Expenses:			
Association expenses	1,543,874	-	1,543,874
Shooting complex expenses	5,546,500	-	5,546,500
Support services	2,267,464	-	2,267,464
	<u>9,357,838</u>	<u>-</u>	<u>9,357,838</u>
Total expenses			
Increase/(Decrease) in net assets	(247,877)	171,053	(76,824)
Net assets at beginning of year	<u>8,193,710</u>	<u>643,474</u>	<u>8,837,184</u>
Net assets at end of year	<u>\$ 7,945,833</u>	<u>\$ 814,527</u>	<u>\$ 8,760,360</u>

Notes to the financial statements form an integral part of these statements.

# National Skeet Shooting Association

## Statement of Activities and Net Assets

Year Ended November 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, support, and other changes:			
Membership dues – individual and clubs	\$ 1,244,726	\$ -	\$ 1,244,726
Event registration, tickets, and entry fees	3,768,245	-	3,768,245
Registered target fees collected	1,072,113	407,922	1,480,035
Advertising revenue	232,542	-	232,542
Donations, sponsorships, and affinity programs	350,516	494,470	844,986
Instructor school and referee certification	184,681	-	184,681
Open shooting/practice	499,957	-	499,957
Rental income	317,539	-	317,539
Sales	1,130,565	-	1,130,565
Investment income	191,391	-	191,391
Net assets released from restrictions	<u>786,579</u>	<u>(786,579)</u>	<u>-</u>
 Total revenues, support, and other changes	 <u>9,778,854</u>	 <u>115,813</u>	 <u>9,894,667</u>
 Expenses:			
Association expenses	1,600,790	-	1,600,790
Shooting complex expenses	5,278,430	-	5,278,430
Support services	<u>2,456,717</u>	<u>-</u>	<u>2,456,717</u>
 Total expenses	 <u>9,335,937</u>	 <u>-</u>	 <u>9,335,937</u>
 Increase in net assets	 442,917	 115,813	 558,730
 Net assets at beginning of year	 <u>7,750,793</u>	 <u>527,661</u>	 <u>8,278,454</u>
 Net assets at end of year	 <u>\$ 8,193,710</u>	 <u>\$ 643,474</u>	 <u>\$ 8,837,184</u>

*Notes to the financial statements form an integral part of these statements.*

# National Skeet Shooting Association

## Statements of Cash Flows

Years Ended November 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities</b>		
(Decrease)/Increase in net assets	\$ (76,824)	\$ 558,730
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	384,947	365,866
Loss on disposal of equipment	24,782	1,312
Donation of stock	-	(2,526)
Net unrealized loss/(gain) on marketable securities	206,025	(90,766)
Changes in:		
Receivables	(66,176)	(86,225)
Inventory	(40,476)	8,396
Prepaid expenses	(32,673)	(9,028)
Accounts payable and accrued expenses	76,751	6,888
Unearned and deferred revenue	<u>(290,363)</u>	<u>198,400</u>
Net cash provided by operating activities	<u>185,993</u>	<u>951,047</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(399,287)	(596,642)
Purchases of investments	(526,388)	(1,580,278)
Sales and maturities of investments	<u>380,830</u>	<u>1,488,695</u>
Net cash used in investing activities	<u>(544,845)</u>	<u>(688,225)</u>
<b>Cash Flows From Financing Activities</b>		
Postemployment retirement benefits – former Executive Director	(106,834)	(100,628)
Payments on long-term debt	<u>(76,597)</u>	<u>(73,728)</u>
Net cash used in financing activities	<u>(183,431)</u>	<u>(174,356)</u>
Net (decrease)/increase in cash	(542,283)	88,466
Cash at beginning of year	<u>1,809,125</u>	<u>1,720,659</u>
Cash at end of year	\$ <u><u>1,266,842</u></u>	\$ <u><u>1,809,125</u></u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for interest	\$ <u><u>23,004</u></u>	\$ <u><u>32,078</u></u>
<b>Supplemental Disclosures of Noncash Flow Information</b>		
Fair market value of donated inventory and fixed assets	\$ <u><u>152,418</u></u>	\$ <u><u>119,438</u></u>
Donated stock	\$ <u><u>-</u></u>	\$ <u><u>2,526</u></u>

Notes to the financial statements form an integral part of these statements.



# National Skeet Shooting Association

## Notes to the Financial Statements

### 1. Organization and Significant Accounting Policies

#### **Organization**

Founded in 1946 and headquartered in San Antonio, Texas, the National Skeet Shooting Association ("NSSA") is a nonprofit 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 *Skeet Shooting Review*. 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 ("GAAP").

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

#### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Recent Accounting Pronouncement**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 18, 2018. NSSA has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

# National Skeet Shooting Association

## Notes to the Financial Statements

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. The amendments in the ASU require entities that measure inventory using the first-in, first-out or average cost methods to measure inventory at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. This ASU will be effective for fiscal years beginning after December 15, 2016. NSSA does not expect the adoption of ASU 2015-11 to have a material effect on its financial statements.

### ***Basis of Presentation***

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

**Unrestricted Net Assets** – Unrestricted net assets consist of net assets that are not subject to donor-imposed restrictions. Unrestricted net assets result from operating revenues and unrestricted dividend and interest income. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors (the “Board”). The balance at November 30, 2015 designated to support future expenses relating to maintaining life memberships is \$2,053,643 (\$2,094,751 in 2014).

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

**Permanently Restricted Net Assets** – Permanently restricted net assets consist of net assets that are subject to donor-imposed stipulations that are to be maintained permanently. Generally, donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes. As of November 30, 2015 and 2014, there were no permanently restricted net assets.

### ***Investments***

Investments are stated at fair value based upon quoted market prices, when available, or estimates of fair value in the statements of financial position. Unrealized gains and losses are included in the statements of activities and net assets.

NSSA has an investment policy that sets guidelines and constraints to ensure the portfolio is appropriately diversified.

### ***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, 2015 and 2014 an allowance of \$264 was deemed necessary by management.

# National Skeet Shooting Association

## Notes to the Financial Statements

### ***Inventory***

Inventory is stated at the lower of cost (first-in, first-out method) or market (net realizable value).

### ***Depreciation***

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 – 5 to 35 years and equipment and furniture – 3 to 30 years. NSSA has adopted a capitalization policy for property and equipment of \$500.

### ***Impairment of Long-Lived Assets***

NSSA reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. NSSA did not recognize an impairment loss during the years ended November 30, 2015 or 2014.

### ***Donated Property and Equipment***

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

### ***Federal Income Tax***

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

NSSA's policy is to record interest and penalty expense related to income taxes as interest and other expense, respectively. At November 30, 2015 and 2014, no interest or penalties have been or are required to be accrued. NSSA, generally, is no longer subject to income tax examinations by federal authorities for years prior to November 30, 2012.

### ***Life Membership Dues***

In the period life memberships are initiated and the dues become receivable, the life membership dues are recognized as revenue.

### ***Unearned Exhibitor Buildings and Camper Rental Revenue***

NSSA leases two buildings to exhibitors and rental space to campers who have prepaid for the use of those facilities over five- and ten-year periods, respectively.

# National Skeet Shooting Association

## Notes to the Financial Statements

### ***Unearned Annual Membership Dues***

Annual dues received in the current year that relate to a future year are deferred and recorded as revenue in the year earned.

### ***Unearned Six-Year Membership Dues***

Six-year membership dues are recognized as revenue ratably over the six-year period to which the dues relate.

### ***Public Support and Revenue***

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

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

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

### ***Functional Allocation of Revenues and Expenses***

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

### ***Contingencies***

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

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

# National Skeet Shooting Association

## Notes to the Financial Statements

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

### **Advertising**

Advertising costs totaled \$34,691 and \$125,277 for the years ended November 30, 2015 and 2014, respectively, and are expensed as incurred.

### **Subsequent Events**

NSSA has evaluated subsequent events through January 25, 2016, the date the financial statements were available to be issued.

## **2. Designated Cash Equivalents and Marketable Securities**

As of November 30, 2015 and 2014, cash equivalents and marketable securities with a total fair market value of \$3,031,523 and \$3,091,990, respectively, have been designated by NSSA's executive committee and approved by the Board of Directors (the "Board") to be funds which will be kept in an investment capacity and not used for operations during the next year. Investments totaling approximately \$2,054,000 at November 30, 2015 (\$2,095,000 in 2014) will be used for life members to help defray the cost of providing life members information and other nonroutine matters, most significant of which is the member magazine. All securities are valued at market, as determined by their closing sales prices at November 30, 2015 and 2014. All balances are unrestricted.

The following are the major categories of assets measured at fair value on a recurring basis as of November 30, 2015 and 2014, using quoted prices in active markets for identical assets:

	<u>November 30, 2015</u>		<u>November 30, 2014</u>	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
Cash	\$ 24,913	\$ 24,913	\$ 19,072	\$ 19,072
Sweep account	47,991	47,991	47,894	47,894
Stocks and exchange traded funds	308,814	418,280	287,890	423,903
Mutual funds	<u>2,338,471</u>	<u>2,540,339</u>	<u>2,219,775</u>	<u>2,601,121</u>
	<u>\$ 2,720,189</u>	<u>\$ 3,031,523</u>	<u>\$ 2,574,631</u>	<u>\$ 3,091,990</u>

During the years ended November 30, 2015 and 2014, NSSA had brokerage fees of \$25,867 and \$22,138, respectively, on these investments and other cash balances. These have been netted against investment income in the statements of activities.

# National Skeet Shooting Association

## Notes to the Financial Statements

### 3. Fair Value Measurements and Disclosures

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

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Observable inputs 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 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

At November 30, 2015 and 2014, all investments were classified as Level 1.

### 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 1 year of continuous employment with NSSA. NSSA's contribution was determined annually by the Board, but could not exceed the maximum allowable deduction permitted under the Internal Revenue Code at the time of the contribution.

This plan was restated effective January 1, 2005 as the National Skeet Shooting Association 401(k) Profit Sharing Plan. A nonelective matching contribution up to 1% of the participants' base compensation for the plan year is made. Total contributions for the years ended November 30, 2015 and 2014 were \$9,309 and \$7,195, respectively.

# National Skeet Shooting Association

## Notes to the Financial Statements

### 5. Commitments and Contingent Liabilities

**Lease Commitments** – NSSA leases various equipment pursuant to noncancellable operating lease agreements. Future minimum lease payments for these leases are as follows:

Year ending November 30,	
2016	\$ 68,376
2017	57,750
2018	33,600
2019	33,600
2020	<u>33,600</u>
	<u>\$ 226,926</u>

Lease expense for these and other leases for the years ended November 30, 2015 and 2014 totaled \$75,924 and \$71,089, respectively.

**Environmental Remediation** – NSSA has instituted a lead management program to control and contain lead migration and to take all practical steps to remove and recycle lead. In the event the real estate of NSSA is sold, further remediation might be required. Because the extent of remediation would be dependent upon the future use of the property, the amount of any contingent liability is not determinable.

### 6. Line of Credit

NSSA has a \$250,000 unsecured line of credit, which expires February 2016, available with a local bank at prime rate plus 0.25%. There was no balance outstanding on this line of credit at November 30, 2015 and 2014.

### 7. Long-Term Debt

Long-term debt consists of the following:

	November 30,	
	<u>2015</u>	<u>2014</u>
Note payable to a bank in monthly installments of \$6,890, including interest at 3.85% due April 2017; collateralized by investment account	\$ 113,673	\$ 190,270
Less current maturities	<u>79,722</u>	<u>76,716</u>
	<u>\$ 33,951</u>	<u>\$ 113,554</u>

# National Skeet Shooting Association

## Notes to the Financial Statements

Aggregate maturities required on long-term debt at November 30, 2015 were as follows:

Year ending November 30,	
2016	\$ 79,722
2017	<u>33,951</u>
	<b><u>\$ 113,673</u></b>

Interest expense on long-term debt totaled approximately \$6,100 and \$8,900 for the years ended November 30, 2015 and 2014, respectively.

### 8. Property and Equipment

A summary of property and equipment is as follows:

	November 30,	
	2015	2014
Land and improvements	\$ 2,601,851	\$ 2,595,104
Buildings and improvements	5,382,331	5,249,129
Equipment and furniture	2,237,467	2,126,547
Construction in progress	<u>170,337</u>	<u>86,701</u>
	<b>10,391,986</b>	<b>10,057,481</b>
Less accumulated depreciation	<u>5,493,910</u>	<u>5,148,963</u>
	<b><u>\$ 4,898,076</u></b>	<b><u>\$ 4,908,518</u></b>

### 9. Inventory

Inventory consisted of the following:

	November 30,	
	2015	2014
General store merchandise	\$ 31,071	\$ 19,325
Targets	192,325	190,744
Ammunition	89,808	91,579
Guns	<u>154,710</u>	<u>125,790</u>
	<b><u>\$ 467,914</u></b>	<b><u>\$ 427,438</u></b>



# National Skeet Shooting Association

## Notes to the Financial Statements

### 10. Unearned and Deferred Revenue

Unearned and deferred revenue consisted of the following:

	November 30,	
	<u>2015</u>	<u>2014</u>
Annual dues:		
Sporting clays	\$ -	\$ 221,450
Clubs	55,200	34,475
Six-year membership dues	108,657	116,600
Prepaid exhibitor buildings and camper rentals	70,684	86,130
Advanced deposits – subsequent year shoots	<u>264,524</u>	<u>330,773</u>
	499,065	789,428
Less current portion	<u>368,817</u>	<u>636,455</u>
	<u>\$ 130,248</u>	<u>\$ 152,973</u>

### 11. Postemployment Retirement Benefits

NSSA entered into a deferred compensation agreement with a former Executive Director (“ED”) that increased in value (as a percentage of his final salary) each year he served as the ED. After more than 15 years as the ED, per the details of the agreement, NSSA is obligated to pay \$10,313 per month for 15 years beginning November 1, 2002 with payments scheduled to end in October 2017. The liability – postemployment retirement benefit of \$223,551 and \$330,385 and as of November 30, 2015 and 2014, respectively, was derived using a present value calculation with an assumed interest rate of 6%.

Future annual obligations regarding this agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending November 30,			
2016	\$ 113,424	\$ 10,326	\$ 123,750
2017	<u>110,127</u>	<u>3,331</u>	<u>113,458</u>
	<u>\$ 223,551</u>	<u>\$ 13,657</u>	<u>\$ 237,208</u>

Interest expense on postemployment retirement benefits totaled approximately \$17,000 and \$23,000 for the years ended November 30, 2015 and 2014, respectively.

### 12. Major Suppliers

For the year ended November 30, 2015, approximately \$575,000 of NSSA’s purchases were purchased from one supplier. At November 30, 2015, there were no trade payables due to this supplier. Other suppliers would be available if needed.

# National Skeet Shooting Association

## Notes to the Financial Statements

### 13. Temporarily Restricted Net Assets

Net assets and changes in net assets are as follows:

	Balance at November 30, 2014	Donations	Net Assets Released From Restriction	Balance at November 30, 2015
NSSA USA Sporting Clays Team	\$ 95,353	\$ 255,950	\$ 182,953	\$ 168,350
Scholarships	21,144	10,475	5,625	25,994
Youth education	12,466	55,298	16,048	51,716
NSSA Marketing Fund	349,123	259,004	282,887	325,240
NSSA Marketing Fund	152,888	110,025	32,186	230,727
Krieghoff All American Program	12,500	12,500	12,500	12,500
	<u>\$ 643,474</u>	<u>\$ 703,252</u>	<u>\$ 532,199</u>	<u>\$ 814,527</u>

  

	Balance at November 30, 2013	Donations	Net Assets Released From Restriction	Balance at November 30, 2014
NSSA USA Sporting Clays Team	\$ 84,076	\$ 478,287	\$ 467,010	\$ 95,353
Scholarships	25,144	1,000	5,000	21,144
Youth education	10,357	2,683	574	12,466
NSSA Marketing Fund	395,584	255,034	301,495	349,123
NSSA Marketing Fund	-	152,888	-	152,888
Krieghoff All American Program	12,500	12,500	12,500	12,500
	<u>\$ 527,661</u>	<u>\$ 902,392</u>	<u>\$ 786,579</u>	<u>\$ 643,474</u>

### 14. Credit Risk

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

### 15. Related Party Transactions

The current Executive Director's wife is a principal at Synergy, and NSSA has a contract with Synergy to market sponsorship opportunities and advertising. This contract is in effect until December 30, 2016. The contract provided Synergy with a commission of 30% of cash and/or net re-sellable or non-re-sellable product value depending on the type of sponsorship that was achieved through Synergy's services and 10% for pre-existing renewing sponsors. On March 20, 2015, the contract was modified and Synergy receives 20% for new sponsors and for new sponsor agreements from existing sponsors, and 15% for all

# National Skeet Shooting Association

## Notes to the Financial Statements

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, \$95,355 was billed and expensed in relation to this contract (\$97,399 in 2014).

Supplementary Information





## Padgett Stratemann

### Independent Auditor's Report on Supplementary Information

To the Board of Directors  
National Skeet Shooting Association  
San Antonio, Texas

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 supplementary information has 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Padgett, Stratemann + Co., L.L.P.*

San Antonio, Texas  
January 25, 2016

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# National Skeet Shooting Association

## Comparative Schedule of Functional Revenues and Expenses

Years Ended November 30, 2015 and 2014

	Program Services				Support Services			2014 Total
	Skeet Association	Sporting Clays Association	National Shooting Complex	Fundraising and Development	Management and General	Membership Magazines	2015 Total	
<b>Revenues:</b>								
Membership Dues (Individuals/Clubs)	\$ 159,682	\$ 817,600	\$ 38,755	\$ -	\$ -	\$ -	\$ 1,016,037	\$ 1,244,726
Event Registration/Tickets/Entry Fees	120,148	7,899	3,663,736	-	-	-	3,791,783	3,768,245
Registered Target Fees Collected	330,554	778,804	-	369,030	-	-	1,478,388	1,480,035
Advertising Revenue	11,401	6,201	45,125	-	-	168,430	231,157	232,542
Donations/Sponsorship/Affinity Programs	81,255	61,944	310,510	293,494	-	-	747,203	844,986
Instructor School/Referee Certification	28,810	72,265	-	-	-	-	101,075	184,681
Open Shooting/Practice	-	-	542,949	-	-	-	542,949	499,957
Rental – Exhibitors	-	-	219,840	-	-	-	219,840	201,011
Rental – RV Spaces	-	-	161,151	-	-	-	161,151	116,528
Sales – Ammunition	-	-	558,083	-	-	-	558,083	588,519
Sales – Merchandise	5,715	8,068	159,546	24,014	-	-	197,343	206,859
Sales/Revenue – Other	1,987	6,983	255,641	16,600	-	2,171	283,382	335,187
Net investment income (Loss)	(15,160)	(17,530)	(14,801)	114	-	-	(47,377)	191,391
<b>Total Revenues</b>	<b>\$ 724,392</b>	<b>\$ 1,742,234</b>	<b>\$ 5,940,535</b>	<b>\$ 703,252</b>	<b>\$ -</b>	<b>\$ 170,601</b>	<b>\$ 9,281,014</b>	<b>\$ 9,894,667</b>

See independent auditor's report on supplementary information.

# National Skeet Shooting Association

## Comparative Schedule of Functional Revenues and Expenses – Continued

Years Ended November 30, 2015 and 2014

	Program Services				Support Services			
	Skeet Association	Sporting Clays Association	National Shooting Complex	Fundraising and Development	Management and General	Membership Magazines	2015 Total	2014 Total
<b>Expenses:</b>								
Salaries	\$ 263,075	\$ 322,482	\$ 965,191	\$ 3,890	\$ 445,818	\$ 17,098	\$ 2,017,554	\$ 1,863,736
Employee Benefits and Payroll Taxes	65,540	101,666	188,059	390	72,889	1,966	430,510	426,571
Accounting/Auditing Fees	-	-	-	-	32,500	-	32,500	44,000
Advertising and Promotional	28,906	30,119	131,367	373,692	-	-	564,084	628,156
Banking/Financial Services	26,142	58,131	61,421	2,602	-	147	148,443	128,796
Board Expenses	9,793	4,617	-	-	-	-	14,410	23,720
Club and Member Expenses	7,641	20,143	1,203	12,500	-	-	41,487	76,419
Consultants	6,065	6,965	11,560	3,634	-	-	28,224	9,360
Contracted Services – Events	54,706	-	850,056	-	-	-	904,762	771,970
Contracted Services – Other	-	-	-	-	54,061	26,017	80,078	105,377
Cost of Sales – Ammunition	-	-	499,705	-	-	-	499,705	539,094
Cost of Sales – Merchandise	2,795	-	126,145	-	-	-	128,940	139,621
Cost of Sales/Revenue – Other	-	-	95,105	-	-	-	95,105	97,479
Dues/Fees/Subscriptions	1,115	3,151	3,570	50	2,407	540	10,833	38,452
Equipment Rental/Lease	-	-	68,002	1,800	62,284	-	132,086	108,973
Event Preparation and Cleanup – Outside Services	-	-	14,848	-	-	-	14,848	10,113
Food/Ice/Parties/Banquets	6,210	12,719	168,028	-	-	-	186,957	174,921
Grants/Donations/Scholarships	23,479	10,000	5,252	6,875	-	-	45,606	46,809
Instructor School/Referee Certification	18,101	54,407	-	4,000	-	-	76,508	138,572
Insurance	108	-	4,641	-	161,848	-	166,597	166,182
Interest Expense	-	-	6,088	-	16,916	-	23,004	32,078
Legal	-	3,664	1,712	-	30,526	-	35,902	27,889

See independent auditor's report on supplementary information.

# National Skeet Shooting Association

## Comparative Schedule of Functional Revenues and Expenses – Continued

Years Ended November 30, 2015 and 2014

	Program Services				Support Services			2014 Total
	Skeet Association	Sporting Clays Association	National Shooting Complex	Fundraising and Development	Management and General	Membership Magazines	2015 Total	
<b>Expenses: (continued)</b>								
Maintenance and Repairs	\$ 2,957	\$ 3,492	\$ 293,271	\$ 4,029	\$ -	\$ -	\$ 303,749	\$ 403,778
Printing and Editing	-	-	13,089	-	-	574,469	587,558	567,298
Prizes and Awards	64,652	44,608	719,863	3,457	-	-	832,580	858,133
Shipping and Postage	9,936	36,133	6,902	1,909	-	52,565	107,445	173,818
Supplies and Materials	10,295	13,717	111,975	776	15,036	-	151,799	111,571
Other Expenses	7,164	7,721	26,862	-	-	-	41,747	25,725
Staff Development	-	-	-	-	3,274	-	3,274	884
Targets	-	-	572,564	-	-	-	572,564	605,425
Telephone	-	-	-	-	34,007	-	34,007	36,803
Travel	33,520	58,130	132,189	89,318	2,265	-	315,422	260,255
Utilities	-	-	-	-	132,102	-	132,102	136,600
Depreciation	45,851	46,958	272,331	19,807	-	-	384,947	365,866
Property Taxes	8,500	8,500	195,501	-	-	-	212,501	191,493
<b>Total Expenses</b>	<b>\$ 696,551</b>	<b>\$ 847,323</b>	<b>\$ 5,546,500</b>	<b>\$ 528,729</b>	<b>\$ 1,065,933</b>	<b>\$ 672,802</b>	<b>\$ 9,357,838</b>	<b>\$ 9,335,937</b>

See independent auditor's report on supplementary information.  
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