

Scholastic  
Shooting Sports  
Foundation,  
Inc.



Years Ended  
August 31,  
2019 and 2018

Financial  
Statements

# SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

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**INDEPENDENT AUDITORS' REPORT**

January 15, 2020

Board of Directors  
Scholastic Shooting Sports Foundation, Inc.  
San Antonio, Texas

We have audited the accompanying financial statements of Scholastic Shooting Sports Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2019 and 2018, and the related statements of activities, functional expenses 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.

*Independent Auditors' 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 auditor 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 the entity'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 the entity'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 Scholastic Shooting Sports Foundation, Inc. as of August 31, 2019 and 2018, 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.

*Rehmann Lobson LLC*

# SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

## Statements of Financial Position

	August 31	
	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 774,196	\$ 871,146
Pledges receivable	-	1,140
Inventory	533,202	349,068
Prepaid expenses	31,924	23,458
Net furniture and equipment	36,904	44,741
<b>Total assets</b>	<b>\$ 1,376,226</b>	<b>\$ 1,289,553</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 154,850	\$ 123,751
Deferred revenue	27,830	-
<b>Total liabilities</b>	<b>182,680</b>	<b>123,751</b>
<b>Net assets without donor restrictions</b>	<b>1,193,546</b>	<b>1,165,802</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,376,226</b>	<b>\$ 1,289,553</b>

The accompanying notes are an integral part of these financial statements.

# SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

## Statements of Activities

	Year Ended August 31	
	2019	2018
Revenue, support and gains		
Grants	\$ 1,188,064	\$ 1,247,277
Program fees	1,736,505	1,507,441
Contributions	461,931	206,252
Sales of merchandise, net of purchased or donated cost	268,194	189,888
Special events, net of direct expense of \$196,314 in 2019 and \$153,965 in 2018	56,912	148,824
Investment income, net	11,890	5,005
	<u>3,723,496</u>	<u>3,304,687</u>
Total revenue, support and gains		
Expenses		
Program		
Donations to team endowments	887,617	826,809
Sporting programs	<u>2,324,672</u>	<u>2,180,663</u>
Total program	<u>3,212,289</u>	<u>3,007,472</u>
Management and general	300,551	174,075
Fundraising	<u>182,912</u>	<u>128,871</u>
Total expenses	<u>3,695,752</u>	<u>3,310,418</u>
Change in net assets without donor restrictions	27,744	(5,731)
Net assets, beginning of year	<u>1,165,802</u>	<u>1,171,533</u>
Net assets, end of year	<u>\$ 1,193,546</u>	<u>\$ 1,165,802</u>

The accompanying notes are an integral part of these financial statements.

# SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

## Statement of Functional Expenses

	Year Ended August 31, 2019			
	Program	Management and General	Fundraising	Total
Donations to team endowments	\$ 887,617	\$ -	\$ -	\$ 887,617
Distributions to MidwayUSA Foundation (Note 5)	100,000	-	-	100,000
Salaries and payroll taxes	684,098	91,083	33,754	808,935
Sporting events	750,914	-	135,963	886,877
Special event merchandise	-	-	131,293	131,293
Travel and entertainment	196,776	8,000	41,470	246,246
Scholarships	90,600	-	-	90,600
Facilities cost	61,344	-	-	61,344
Information technology	26,052	33,353	7,412	66,817
Contract services	99,199	49,126	6,463	154,788
Insurance	26,316	89,411	-	115,727
Awards	150,945	-	-	150,945
Postage	9,882	1,000	4,000	14,882
Printing and marketing	78,684	1,500	10,515	90,699
Materials and supplies	12,832	2,000	2,500	17,332
Severance	-	20,197	-	20,197
Depreciation	13,232	1,906	-	15,138
Other	23,798	2,975	5,856	32,629
Total expenses by function	<u>3,212,289</u>	<u>300,551</u>	<u>379,226</u>	<u>3,892,066</u>
Less special event expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>(196,314)</u>	<u>(196,314)</u>
Total expenses	<u>\$ 3,212,289</u>	<u>\$ 300,551</u>	<u>\$ 182,912</u>	<u>\$ 3,695,752</u>

The accompanying notes are an integral part of these financial statements.

# SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

## Statements of Cash Flows

	Year Ended August 31	
	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 27,744	\$ (5,731)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Depreciation	15,138	11,102
Changes in operating assets and liabilities which provided (used) cash		
Pledges receivable	1,140	2,360
Inventory	(184,134)	(5,115)
Prepaid expenses	(8,466)	27,751
Accounts payable and accrued expenses	31,099	48,957
Deferred revenue	27,830	-
Net cash (used in) provided by operating activities	<u>(89,649)</u>	<u>79,324</u>
Cash flows from investing activities		
Purchases of furniture and equipment	(7,301)	(46,000)
Proceeds from sales of investments	-	19,464
Net cash used in investing activities	<u>(7,301)</u>	<u>(26,536)</u>
Net (decrease) increase in cash and cash equivalents	(96,950)	52,788
Cash and cash equivalents, beginning of year	<u>871,146</u>	<u>818,358</u>
Cash and cash equivalents, end of year	<u>\$ 774,196</u>	<u>\$ 871,146</u>

The accompanying notes are an integral part of these financial statements.



# SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

## Notes to Financial Statements

### 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Organization*

Scholastic Shooting Sports Foundation Inc. (the "Foundation"), a nonprofit corporation, provides, promotes and perpetuates opportunities for school age youth to participate in clay target sports at the local, state, national and international levels.

#### *Net Asset Classification*

Net assets, support, revenues, gains and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and are not subject to donor restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Foundation had no net assets with donor restrictions as of August 31, 2019 and 2018.

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Accordingly, actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

Cash and cash equivalents consist of demand deposits in banks and deposits in money market funds with original maturities when purchased of less than three months. The Foundation maintains cash in bank deposit accounts and balances, at times, exceed federally insured limits. Management does not believe the Foundation is exposed to any significant risk as a result of these deposits.

#### *Revenue Recognition and Deferred Revenue*

The Foundation records contributions at their fair value when the donor pays the cash or makes a promise to give that is unconditional. Conditional contributions are recognized as revenue when the condition on which they depend are met. Contributions without donor-imposed restrictions and contributions with donor-imposed restrictions that are met in the same period as the gift is received are both reported as net assets without restrictions. Other restricted gifts are reported as net assets with restrictions. Program registration fees are recognized when earned, generally over the period to which such revenues relate or when services are rendered. Grants are recorded as revenue when events and/or conditions thereof have been met as determined by the funding organization. Revenues from sales of merchandise, net of purchased or donated cost, are recognized at the time of sale.

# SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

## Notes to Financial Statements

### *Inventory*

Inventory, which consists of guns used primarily for fundraising events, is stated at the lower of cost or net realizable value with cost determined on the first-in, first-out (FIFO) method. Donated inventory is recorded at its estimated fair value.

### *Furniture and Equipment and Depreciation*

Purchases of furniture and equipment are recorded at cost or, if donated, at fair value at the date of donation. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets and range from 3 to 7 years.

### *Change in Accounting Principle*

As of September 1, 2017, the Foundation adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU (1) reduced the number of net asset classes presented from three to two; (2) required the presentation of expenses by functional and natural classification in one location; (3) required quantitative and qualitative disclosures about liquidity and availability of financial assets; and (4) required the presentation of investment return net of external and direct internal investment expenses.

Implementation of ASU No. 2016-14 did not require reclassification or restatement of any opening balances as of September 1, 2017. Net assets previously reported as unrestricted are now reported as net assets without donor restriction.

### *Functional Allocation of Expenses*

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses incurred are allocated to functional classifications by the Foundation's management. Expenses directly related to each function are charged to the appropriate functional classification. Indirect expenses are allocated by the Foundation's management to the functional classification based upon space utilized or salaries, whichever is more appropriate.

### *Income Taxes*

The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Foundation was granted an income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." The Foundation has been classified as not a private foundation.

The Foundation analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions.

# SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

## Notes to Financial Statements

The Foundation has evaluated its income tax filing positions for fiscal years 2016 through 2019, the years which remain subject to examination as of August 31, 2019. The Foundation concluded that there are no significant uncertain tax positions requiring recognition in the Foundation's financial statements. The Foundation does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Foundation does not have any amounts accrued for interest and penalties related to UTBs at August 31, 2019 or 2018, and is not aware of any claims for such amounts by federal or state income tax authorities.

### *Subsequent Events*

In preparing these financial statements, the Foundation has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to August 31, 2019, the most recent statement of financial position presented herein, through January 15, 2020, the date these financial statements were available to be issued. No significant such events or transactions were identified.

## 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of August 31:

	2019
Cash and cash equivalents	<u>\$ 774,196</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 774,196</u>

As part of the Foundation's liquidity management, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to the financial assets available to meet cash needs for general expenditure within one year of \$774,196 at August 31, 2019, the Foundation is primarily supported by contributions, program fees, and grant revenue (see Note 5).

# SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

## Notes to Financial Statements

### 3. FURNITURE AND EQUIPMENT

Net furniture and equipment consists of the following components at:

	2019	2018
Furniture and equipment		
Furniture and fixtures	\$ 18,575	\$ 18,575
Equipment	<u>88,740</u>	<u>81,439</u>
Total	107,315	100,014
Less accumulated depreciation	<u>70,411</u>	<u>55,273</u>
Net furniture and equipment	<u>\$ 36,904</u>	<u>\$ 44,741</u>

### 4. LEASES

The Foundation leases office space and facilities for events under agreements classified as operating leases. Rent expense under these agreements amounted to approximately \$20,400 for the year ended August 31, 2019 and \$18,200 for the year ended August 31, 2018. Future rental commitments under the operating leases is as follows for the year ending August 31:

Year	Amount
2020	\$ 6,200
2021	6,200
2022	6,200
2023	<u>6,200</u>
	<u>\$ 24,800</u>

### 5. PUBLIC FOUNDATION

In 2013, the Foundation established a fund with MidwayUSA Foundation, Inc. ("MUF") to support participation of school age youth in clay target sporting events at the local, state, national and international levels. These assets can be used at MUF's discretion and therefore, the assets of this fund are not included with those of the Foundation. Available distributions (according to MUF spending guidelines) are made based on a percentage of market value and may also be made to the Foundation upon request to be used for the aforementioned, stated purpose. The fund's balance was \$2,961,624 at August 31, 2019 and \$2,860,345 at August 31, 2018.

# SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

## Notes to Financial Statements

### 6. EXPENSES

The natural classification of the Foundation's expenses for the year ended August 31, 2018 is the following:

	2018
Donations to team endowments	\$ 826,809
Distributions to MidwayUSA Foundation (Note 5)	202,000
Salaries and payroll taxes	741,937
Sporting events	714,963
Special event merchandise	115,061
Travel and entertainment	202,380
Scholarships	92,300
Facilities cost	62,946
Information technology	25,103
Contract services	73,504
Insurance	88,134
Awards	187,699
Postage	10,401
Printing and marketing	59,599
Materials and supplies	17,318
Depreciation	11,102
Other	33,127
Total expenses by function	<u>3,464,383</u>
Less special event expenses included with revenues on the statement of activities	<u>(153,965)</u>
Total expenses	<u>\$ 3,310,418</u>

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