

Scholastic
Shooting Sports
Foundation, Inc.



Years Ended
August 31, 2020
and 2019

Financial
Statements

Rehmann

SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

January 18, 2021

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) (the "Foundation"), which comprise the statements of financial position as of August 31, 2020 and 2019, 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 Foundation'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 Foundation'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 **Scholastic Shooting Sports Foundation, Inc.** as of August 31, 2020 and 2019, 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.

Change in Accounting Principles

As described in Note 1 to the financial statements, on September 1, 2019 the Foundation adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* and No. 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to these matters.

Rehmann Lohman LLC

SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

Statements of Financial Position

	August 31	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,351,361	\$ 774,196
Pledges receivable	17,500	-
Inventory	590,126	533,202
Prepaid expenses	43,129	31,924
Net furniture and equipment	259,036	36,904
Total assets	\$ 2,261,152	\$ 1,376,226
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 161,435	\$ 154,850
Deferred revenue	10,410	27,830
Total liabilities	171,845	182,680
Net assets without donor restrictions	2,089,307	1,193,546
Total liabilities and net assets	\$ 2,261,152	\$ 1,376,226

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

SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

Statements of Activities

	Year Ended August 31	
	2020	2019
Revenue, support and gains		
Grants	\$ 1,486,940	\$ 1,188,064
Program fees	1,425,405	1,736,505
Contributions	349,217	461,931
Paycheck Protection Program anticipated forgiveness (Note 1)	185,587	-
Sales of merchandise, net of purchased or donated cost	183,968	268,194
Special events, net of direct expense of \$117,553 in 2020 and \$196,314 in 2019	71,368	56,912
Investment income, net	4,339	11,890
	<u>3,706,824</u>	<u>3,723,496</u>
Total revenue, support and gains		
Expenses		
Program		
Donations to team endowments	412,573	887,617
Sporting programs	2,056,658	2,324,672
Total program	<u>2,469,231</u>	<u>3,212,289</u>
Management and general	250,938	300,551
Fundraising	90,894	182,912
	<u>2,811,063</u>	<u>3,695,752</u>
Total expenses		
Change in net assets without donor restrictions	895,761	27,744
Net assets, beginning of year	<u>1,193,546</u>	<u>1,165,802</u>
Net assets, end of year	<u><u>\$ 2,089,307</u></u>	<u><u>\$ 1,193,546</u></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, 2020			
	Program	Management and General	Fundraising	Total
Donations to team endowments	\$ 412,573	\$ -	\$ -	\$ 412,573
Distributions to MidwayUSA Foundation (Note 5)	1,600	-	-	1,600
Salaries and payroll taxes	675,770	95,910	39,245	810,925
Sporting events	656,087	-	41,573	697,660
Cost of merchandise	244,017	-	-	244,017
Special event merchandise	-	-	75,980	75,980
Travel and entertainment	113,222	5,000	24,000	142,222
Scholarships	73,300	-	-	73,300
Facilities cost	71,905	-	-	71,905
Information technology	37,521	37,521	8,338	83,380
Contract services	82,927	67,629	2,928	153,484
Insurance	75,065	34,278	-	109,343
Awards	148,468	-	-	148,468
Postage	7,411	662	3,500	11,573
Printing and marketing	42,142	1,392	5,500	49,034
Materials and supplies	13,094	2,499	2,000	17,593
Depreciation	30,929	3,052	-	33,981
Other	27,217	2,995	5,383	35,595
Total expenses by function	2,713,248	250,938	208,447	3,172,633
Less cost of merchandise included with revenues on the statement of activities	(244,017)	-	-	(244,017)
Less special event expenses included with revenues on the statement of activities	-	-	(117,553)	(117,553)
Total expenses	\$ 2,469,231	\$ 250,938	\$ 90,894	\$ 2,811,063

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
Cost of merchandise	158,272	-	-	158,272
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	3,370,561	300,551	379,226	4,050,338
Less cost of merchandise included with revenues on the statement of activities	(158,272)	-	-	(158,272)
Less special event expenses included with revenues on the statement of activities	-	-	(196,314)	(196,314)
Total expenses	\$ 3,212,289	\$ 300,551	\$ 182,912	\$ 3,695,752

SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

Statements of Cash Flows

	Year Ended August 31	
	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 895,761	\$ 27,744
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	33,981	15,137
Changes in operating assets and liabilities which provided (used) cash		
Pledges receivable	(17,500)	1,140
Inventory	(56,924)	(184,134)
Prepaid expenses	(11,205)	(8,466)
Accounts payable and accrued expenses	6,585	31,099
Deferred revenue	(17,420)	27,830
Net cash provided by (used in) operating activities	833,278	(89,650)
Cash flows used in investing activities		
Purchases of furniture and equipment	(256,113)	(7,300)
Net increase (decrease) in cash and cash equivalents	577,165	(96,950)
Cash and cash equivalents, beginning of year	774,196	871,146
Cash and cash equivalents, end of year	\$ 1,351,361	\$ 774,196

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, 2020 and 2019.

Risk of Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a global pandemic, continues to spread through the United States of America and the globe. Many State Governors issued temporary Executive Orders that, among other stipulations, limited in-person work activities for most businesses and industries, unless they have been considered an essential business. As a result, the COVID-19 outbreak is disrupting and affecting the Foundation's normal activities. The extent of the ultimate impact of the pandemic on the Foundation's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on funders, program recipients, employees, vendors, and other constituents, all of which cannot be reasonably predicted at this time. While management reasonably expects the COVID-19 outbreak to negatively impact the Foundation's financial position, changes in net assets, and, where applicable, the timing and amount of cash flows, the related financial consequences and duration is highly uncertain.

SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

Notes to Financial Statements

In May 2020, the Foundation received proceeds from borrowings in the amount of \$185,587 through the Paycheck Protection Program ("PPP"), obtained through the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted into law on March 28, 2020. There are certain provisions with the PPP which permit the Foundation to have this loan fully or partially forgiven based on specific stipulations within the agreement. The loan has a two year maturity and is subject to a 1% interest rate. As of August 31, 2020, the Foundation spent the loan proceeds on eligible expenses and is expected to be fully forgiven in accordance with the CARES Act. As such, the Foundation has recognized this amount spent as revenue on the statements of activities as management has determined that all conditions have been met. The Foundation accounts for the loan as a conditional contribution.

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 as revenue the following types of contributions when they are received unconditionally, at their fair value: cash, promises to give, and gifts of long-lived and other assets. Conditional contributions, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Foundation's grants are considered to be unconditional contributions for purposes of applying revenue recognition policies.

Program registration fees, which are nonrefundable, are considered exchange transactions. The Foundation satisfies its performance obligations for program registration fees over time as the benefits are consumed. For some events, the program fees are recognized as the event occurs. Deferred revenue is recorded for the portion of program fees received in the current year that relates to the following year.

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.

SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

Notes to Financial Statements

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 Principles

The Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Accounting Standards Codification Topic 606)*, in May 2014. The standard, as amended, requires revenue to be recognized when promised goods and services are transferred to customers in amounts that reflect the consideration to which the Foundation expects to be entitled in exchange for those goods or services. On September 1, 2019, the Foundation adopted the standard using the modified retrospective method. There was no impact to the timing or amount of revenue recognized as a result of this adoption.

The FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, in June 2018. The amendments in ASU No. 2018-08 provide additional guidance for entities to use to evaluate whether transactions should be accounted for as contributions (nonreciprocal transactions) or exchange (reciprocal) transactions and to determine whether the transaction is conditional. On September 1, 2019, the Foundation adopted the standard on its contributions received using the modified prospective basis and elected to apply the standard only to agreements that were not completed as of that date. There was no impact to the timing or amount of revenue recognized as a result of this adoption. ASU No. 2018-08 will be effective for the Foundation's contributions made in fiscal 2021. Management is evaluating the impact of the adoption of this new standard related to contributions made and its effects on the financial position and results of operations of the Foundation.

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.

SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

Notes to Financial Statements

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.

The Foundation has evaluated its income tax filing positions for fiscal years 2017 through 2020, the years which remain subject to examination as of August 31, 2020. 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, 2020 or 2019, 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, 2020, the most recent statement of financial position presented herein, through January 18, 2021, 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:

	2020	2019
Cash and cash equivalents	\$ 1,351,361	\$ 774,196
Pledge receivable	17,500	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,368,861</u>	<u>\$ 774,196</u>

SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

Notes to Financial Statements

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 \$1,368,861 and \$774,196 at August 31, 2020 and 2019, respectively, the Foundation is primarily supported by contributions, program fees, and grant revenue (see Note 5).

3. FURNITURE AND EQUIPMENT

Net furniture and equipment consists of the following components at:

	2020	2019
Furniture and equipment		
Furniture and fixtures	\$ 18,575	\$ 18,575
Equipment	344,852	88,740
Total	363,427	107,315
Less accumulated depreciation	104,391	70,411
Net furniture and equipment	\$ 259,036	\$ 36,904

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 \$6,200 for the year ended August 31, 2020 and \$20,400 for the year ended August 31, 2019. Future rental commitments under the operating leases is as follows for the year ending August 31:

Year	Amount
2021	\$ 6,200
2022	6,200
2023	6,200
	<u>\$ 18,600</u>

SCHOLASTIC SHOOTING SPORTS FOUNDATION, INC.

Notes to Financial Statements

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 \$2,711,406 at August 31, 2020 and \$2,961,624 at August 31, 2019.

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