FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
USA Shooting, Inc.
Colorado Springs, Colorado

We have audited the accompanying financial statements of USA Shooting, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 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.

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 audits to obtain reasonable assurance about whether the financial statements are free of 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 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 USA Shooting, Inc. as of December 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.

BiggsKofford, P.C.

Colorado Springs, Colorado
July 23, 2020

USA SHOOTING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Current assets:		
Cash and equivalents	$ 324,837	$ 579,536
Inventory	122,414	97,824
Prepaid expenses and other current assets	32,683	56,226
Total current assets	479,934	733,586
Endowment assets	2,571,026	2,179,417
Property and equipment, net	332,153	411,237
Total assets	$ 3,383,113	$ 3,324,240
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 216,561	$ 155,267
Accrued liabilities	114,317	199,198
Due to the USOPC	159,498	54,272
Total current liabilities	490,376	408,737
Net assets:		
Without donor restrictions	(220,417)	324,849
Net equity in property and equipment	332,153	411,237
Total net assets without donor restrictions	111,736	736,086
With donor restrictions	2,781,001	2,179,417
Total net assets	2,892,737	2,915,503
Total liabilities and net assets	$ 3,383,113	$ 3,324,240

The accompanying notes and independent auditor's report should be read with these financial statements.

USA SHOOTING, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and sponsorships	$ 3,084,083	$ 261,801	$ 3,345,884
USOPC grants	1,151,250	-	1,151,250
USOPC in-kind contributions	799,123	-	799,123
Competition fees	502,203	-	502,203
Membership dues	196,872	-	196,872
Merchandise sales, net	161,527	-	161,527
Investment income	2,466	403,471	405,937
Other revenues	138,028	-	138,028
Total revenues and support	6,035,552	665,272	6,700,824
RECLASSIFICATIONS			
Satisfaction of program restrictions	63,688	(63,688)	-
EXPENSES			
Program services	4,847,180	-	4,847,180
General and administrative	655,245	-	655,245
Fundraising	1,221,165	-	1,221,165
Total expenses	6,723,590	-	6,723,590
Change in net assets	(624,350)	601,584	(22,766)
Net assets, beginning of year	736,086	2,179,417	2,915,503
Net assets, end of year	$ 111,736	$ 2,781,001	$ 2,892,737

The accompanying notes and independent auditor's report should be read with these financial statements.

USA SHOOTING, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and sponsorships	$ 3,318,584	$ 112,870	$ 3,431,454
USOPC grants	1,050,878	-	1,050,878
USOPC in-kind contributions	792,046	-	792,046
Competition fees	1,246,278	-	1,246,278
Membership dues	168,246	-	168,246
Merchandise sales, net	72,165	-	72,165
Investment return	1,857	(64,240)	(62,383)
Other revenues	112,737	-	112,737
Total revenues and support	6,762,791	48,630	6,811,421
RECLASSIFICATIONS			
Satisfaction of program restrictions	94,852	(94,852)	-
EXPENSES			
Program services	6,071,318	-	6,071,318
General and administrative	706,452	-	706,452
Fundraising	1,643,062	-	1,643,062
Total expenses	8,420,832	-	8,420,832
Change in net assets	(1,563,189)	(46,222)	(1,609,411)
Net assets, beginning of year as previously stated	2,112,537	2,225,639	4,338,176
Cumulative effect adjustment (Note 11)	186,738	-	186,738
Net assets, beginning of year as restated	2,299,275	2,225,639	4,524,914
Net assets, end of year	$ 736,086	$ 2,179,417	$ 2,915,503

The accompanying notes and independent auditor's report should be read with these financial statements.

USA SHOOTING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (22,766)	$ (1,609,411)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	87,769	84,411
Realized and unrealized (gains) losses on investments	(385,144)	80,086
Contributions restricted for long-term purposes	(51,826)	(112,870)
(Increase) decrease in operating assets:		
Accounts receivable	-	129,141
Other receivable	-	58,230
Inventory	(24,590)	145,532
Prepaid expenses and other current assets	23,543	419,370
Increase (decrease) in operating liabilities:		
Accounts payable	61,294	47,492
Accrued liabilities	(84,881)	113,676
Due to the USOPC	105,226	12,519
Net cash flows used in operating activities	(291,375)	(631,824)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in endowment asset	(6,465)	(64,596)
Purchases of property and equipment	(8,685)	(72,672)
Net cash flows used in investing activities	(15,150)	(137,268)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	51,826	112,870
Net cash flows provided by financing activities	51,826	112,870
Net decrease in cash and equivalents	(254,699)	(656,222)
Cash and equivalents, beginning of year	579,536	1,235,758
Cash and equivalents, end of year	$ 324,837	$ 579,536

The accompanying notes and independent auditor's report should be read with these financial statements.

USA SHOOTING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program	General and Administrative	Fundraising	Total
Ammunition	$ 241,056	$ -	$ -	$ 241,056
Athlete endowment grants	63,688	-	-	63,688
Awards and medals	26,331	-	3,317	29,648
Bank fees	29,269	12,806	6,661	48,736
Competition entry fees	57,368	-	-	57,368
Depreciation	87,769	-	-	87,769
Dues and subscriptions	33,871	24	1,529	35,424
Equipment	4,278	67	1,131	5,476
Event expense	37,457	-	-	37,457
Insurance	32,758	11,058	956	44,773
List maintenance	-	-	59,851	59,851
Miscellaneous	115,550	-	50,835	166,385
Occupancy	655,048	71,773	2,054	728,875
Printing and supplies	75,951	5,408	554,488	635,847
Professional fees	176,860	129,292	263,212	569,364
Promotional items	2,387	894	3,702	6,982
Range operations	25,447	-	-	25,447
Salaries, wages and benefits	1,227,042	368,156	142,470	1,737,668
Sports medicine	37,727	-	-	37,727
Stipends	133,355	-	-	133,355
Targets	9,184	-	-	9,184
Travel	1,774,784	55,767	130,959	1,961,510
Total expenses	$ 4,847,180	$ 655,245	$ 1,221,165	$ 6,723,590
Percentage of totals	72.1%	9.7%	18.2%	100.0%

The accompanying notes and independent auditor's report
should be read with these financial statements.

USA SHOOTING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program	General and Administrative	Fundraising	Total
Ammunition	$ 372,478	$ -	$ -	$ 372,478
Athlete endowment grants	64,121	-	-	64,121
Awards and medals	28,601	-	3,602	32,203
Bank fees	62,648	27,409	14,257	104,314
Competition entry fees	280,802	-	-	280,802
Depreciation	84,411	-	-	84,411
Dues and subscriptions	33,172	24	1,497	34,693
Equipment	44,960	702	11,887	57,549
Event expense	69,106	-	-	69,106
Insurance	26,378	8,905	770	36,053
List maintenance	-	-	75,374	75,374
Miscellaneous	190,015	-	83,596	273,611
Occupancy	679,307	74,431	2,130	755,868
Printing and supplies	115,867	8,250	845,898	970,015
Professional fees	174,265	127,396	259,350	561,011
Promotional items	16,786	6,285	26,034	49,105
Range operations	23,934	-	-	23,934
Salaries, wages and benefits	1,266,407	379,967	147,041	1,793,415
Sports medicine	48,020	-	-	48,020
Stipends	83,127	-	-	83,127
Targets	81,025	-	-	81,025
Travel	2,325,889	73,084	171,624	2,570,597
Total expenses	$ 6,071,318	$ 706,452	$ 1,643,062	$ 8,420,832
Percentage of totals	72.1%	8.4%	19.5%	100.0%

The accompanying notes and independent auditor's report
should be read with these financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Shooting, Inc. ("Organization") was incorporated on March 18, 1994 as a Colorado nonprofit corporation. The purpose of the Organization is to advance amateur competition both nationally and internationally in the sport of shooting.

Basis of Presentation

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Accounting pronouncements adopted

Effective January 1, 2018 the Organization adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (f) modifying other consolidated financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting pronouncements adopted (continued)

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASC Topic 606"), which replaces numerous requirements in US GAAP, including industry-specific requirements, and provides companies and organizations with a single revenue recognition model for recognizing revenues from contracts with customers. On January 1, 2018, the Organization early adopted the requirements of ASC Topic 606 and the amendments related thereto and applied the new requirements to all contracts using the modfied retrospective method. Upon implementation assessment of ASC Topic 606, mangement concluded that membership dues did not result in a material obligation to the Organization and, accordingly, should be recognized when received. See Note 11 for the impact to opening net assets without donor restrictions upon implementation. Additional disclosures required by ASC Topic 606 are presented within the notes to the financial statements.

In 2019, the Organization adopted ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASC Topic 958") on a modified prospective basis. This ASU clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in US GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

Cash and equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash and equivalents. The Organization maintains its cash and equivalents in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At various times throughout the year, the Organization may have cash that exceeds the federally insured amount. The Organization does not anticipate nonperformance by these financial institutions.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists of merchandise, targets and ammunition held for sale. Donated inventory is recorded at fair market value on the date of receipt. Purchased inventory is recorded at the lower of cost or market value using the first-in, first-out method of acocunting.

Property and equipment

All acquisitions of property and equipment in excess of $1,000 are capitalized and recorded at cost or fair value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets ranging from 5 to 20 years.

Depreciation expense for the years ended December 31, 2019 and 2018 totaled $87,769 and $84,411, respectively.

Net assets

The financial statements present information regarding the financial position and activities according to two classes of net assets: net assets without donor restrictions; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time.

Contributions

Contribution income is recorded when cash is received, when unconditional promises are made, or when ownership of contributed assets are transferred to the Organization. In accordance with US GAAP, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions. When a restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated services and materials

Donated services and materials are recorded as both a revenue and expenditure in the accompanying statements of activities at their estimated values. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

Revenue recognition

The Organization receives revenue from membership dues, entry fees for competitions, and from the sale of its merchandise from the online store. Revenue from these sources are considered to be contracts with customers under ASC Topic 606. Revenue from these sources are recognized as performance obligations are met. For membership dues, management determined upon implementation of ASC Topic 606 that there were no material performance obligations of the Organization and, accordingly, membership dues are recognized as revenue when received. For entry fees for competitions and merchandise sales, performance obligations are considered to have been met when the competition takes place or when the customer receives the merchandise.

Functional allocation of expenses

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses are recorded when costs are incurred. The majority of expenses are comprised of travel, lodging, food, site costs, etc. which are allocated to program as the costs are associated with events the Organization hosts and/or events their athletes attend. For salaries expense, the Organization reviewed the salaries for each employee and allocated the expense as a percentage of time effort spent in each category. Remaining expenses are allocated to the category to which they directly relate.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Organization is exempt from income taxes under Internal Revenue Code ("Code") Section 501(c)(3) and is not a private foundation under Section 509(a)(2) of the Code. The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC 450, Contingencies. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions for the Organization.

Subsequent events

Management evaluated subsequent events through the date of the attached independent auditor's report, the date on which the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, 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 December 31,:

	2019	2018
Cash and equivalents	$ 324,837	$ 579,536
Endowment assets	2,571,026	2,179,417
Total financial assets	2,895,863	2,758,953
Less amounts unavailable for general expenditures within one year due to donor restrictions	(2,781,001)	(2,179,417)
Financial assets available to meet cash needs for general expenditures within one year	$ 114,862	$ 579,536

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, the organization invests cash in investments with the United States Olympic Endowment. In addition to financial assets available to meet general expenditures over the next 12 months in the table above, the Organization also operates in accordance with a board approved budget and anticipates collecting sufficient revenue to cover general expenditures.

3. ENDOWMENT ASSETS AND FAIR VALUE MEASUREMENTS

The Organization has investments which are held in an investment pool owned and maintained by the United States Olympic Endowment ("USOE"). The investments are included in the endowment asset in the accompanying statements of financial position. All investments are in the name of the USOE. The USOE invests in investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that change in the values of investments will occur in the near term and that such changes could materially affect the recorded amount of investments in the Organization's financial statements.

The Organization is subject to a framework for measuring fair value pursuant to US GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

3. ENDOWMENT ASSETS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements of assets recognized in the accompanying financial statements, measured at fair value on a recurring basis, consist of the following as of December 31:

	2019			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 77,856	$ -	$ -	$ 77,856
USOE pooled investment	-	-	2,493,170	2,493,170
	$ 77,856	$ -	$ 2,493,170	$ 2,571,026

	2018			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 123,886	$ -	$ -	$ 123,886
USOE pooled investment	-	-	2,055,531	2,055,531
	$ 123,886	$ -	$ 2,055,531	$ 2,179,417

USOE investment pool

The Organization's investment in the USOE investment pool is stated at the fair value provided by the USOE. Certain investments in the USOE investment pool are valued using Level 3 inputs; therefore, the Organization's investment in the USOE pool is considered a Level 3 investment.

The Organization may terminate its investment agreement with the USOE effective at the end of any calendar month upon the giving of at least 90 days written notice or upon shorter notice acceptable to the USOE if the USOE determines that adequate liquidity exists in the portfolio to permit early termination.

3. ENDOWMENT ASSETS AND FAIR VALUE MEASUREMENTS (CONTINUED)

USOE investment pool (continued)

The allocation of the USOE investment pool to the Organization consisted of the following at December 31:

	2019	2018
Alternative investments*	37%	39%
Domestic equity securities	32%	30%
International equities	19%	18%
Domestic bonds	7%	7%
International bonds	3%	4%
Cash and equivalents	2%	2%
Total	100%	100%

*Alternative investments include hedge equity funds, private equity funds, real estate funds, and limited partnerships.

Total investment income (loss) is comprised of the following for the years ended December 31:

	2019	2018
Interest and dividend income	$ 20,793	$ 17,703
Net realized and unrealized gains (losses) on investments	385,144	(80,086)
Total	$ 405,937	$ (62,383)

3. ENDOWMENT ASSETS AND FAIR VALUE MEASUREMENTS (CONTINUED)

USOE investment pool (continued)

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	USOE Pooled Investments
Balance, January 1, 2018	$ 2,059,076
Additions	60,338
Unrealized loss	(128,769)
Realized gains	48,683
Interest and dividend income	16,203
Balance, December 31, 2018	2,055,531
Additions	31,849
Unrealized gains	272,066
Realized gains	113,078
Interest and dividend income	20,646
Balance, December 31, 2019	$ 2,493,170

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2019	2018
Tournament equipment	$ 472,560	$ 463,874
Computer equipment	1,383,806	1,383,807
	1,856,366	1,847,681
Accumulated depreciation	(1,524,213)	(1,436,444)
Property and equipment, net	$ 332,153	$ 411,237

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 and 2018 consist of the following: an endowment held with the USOE as of December 31, 2019 and 2018 (see Note 6).

	2019	2018
Endowment asset	$ 2,571,026	$ 2,179,417
ISSF Olympic grant	209,975	-
	$ 2,781,001	$ 2,179,417

6. ENDOWMENTS

The Organization's endowments consists of two individual funds established for a variety of purposes. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

During 2008, the State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Organization has interpreted UPMIFA as requiring the preservation of the original fair value of the gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible affect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Organization
7) The investment policies of the Organization.

6. ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the years ended December 31, 2019 and 2018 is as follows:

Endowment net assets, January 1, 2018	$ 2,194,907
Investment income	(64,240)
Contributions	112,870
Program expenditures	(64,120)
Endowment net assets, December 31, 2018	2,179,417
Investment income	403,471
Contributions	51,826
Program expenditures	(63,688)
Endowment net assets, December 31, 2019	$ 2,571,026

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2019 and 2018.

These funds are invested primarily in the United States Olympic Endowment and money market funds, pursuant to the Organization's spending objectives of subjecting the fund to low investment risk and providing support for the restricted programs. The Organization normally spends the investment earnings from the endowment held in perpetuity in the year it is earned.

7. COMMITMENTS AND CONTINGENCIES

Leases

Effective June 2004, the USOPC assigned its rights to the Organization in a lease of the outdoor range at Ft. Carson, Colorado. The Organization currently has a lease for the outdoor range which expires on April 30, 2022. No payments are required under the terms of the lease, and consideration is given in the form of maintenance, protection, repair and restoration of the premises.

7. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Leases (continued)

Effective January 2014, the Organization entered into a ten year building lease agreement with the USOPC. The terms of lease require monthly payments of $750 and the USOPC is responsible for all building maintenance expenses. Total rent expense under this lease totaled $9,000 each year for the years ended December 31, 2019 and 2018.

Future minimum payments under the USOPC lease agreement as of December 31, 2019 are as follows:

Years Ending December 31,	
2020	$ 9,000
2021	9,000
2022	9,000
2023	9,000
2024	750
	$ 36,750

Contingencies

In the ordinary course of business, the Organization is a party to legal proceedings, the outcome of which, individually and in the aggregate, is not expected to be material to the Organization's business or financial condition.

8. RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan covering all eligible employees. The Organization can make discretionary matching contributions contributions of 3% to 5% of eligible employee compensation. Employer contributions to the plan for the years ended December 31, 2019 and 2018, totaled $26,897 and $20,834, respectively.

9. RELATED PARTY TRANSACTIONS

The Organization is a member of the USOPC. The USOPC serves as the National Olympic Committee and National Paralympic Committee for the United States and was formed to support the US Olympic and Paralympic athletes. The Organization receives grants from the USOPC for sports development, international competition and team preparation.

Total support received from the USOPC during the years ended December 31, 2019 and 2018 totaled $1,151,250 and $1,050,878, respectively. The Organization is economically dependent upon the grants from the USOPC in order to maintain its programs at current levels.

As of December 31, 2019 and 2018, the Organization owed the USOPC $159,498 and $54,272, respectively.

10. CONTRIBUTED SUPPLIES AND SERVICES

During the years ended December 31, 2019 and 2018, the Organization received contributed rent from the USOPC totaling $702,306 each year. Prior to 2018, contributed rent was not recorded in the Organization's financial statements as it was not valued by the USOPC.

Additionally, during the years ended December 31, 2019 and 2018, the Organization received contributed travel from the USOPC totaling $96,817 and $89,740, respectively.

These amounts have been recognized as both revenues and expenses in the accompanying financial statements, and the expenses have been allocated to the programs benefited.

11. CUMULATIVE EFFECT ADJUSTMENT

The Organization early adopted ASC Topic 606 effective January 1, 2018 using the modified retrospective method and, accordingly, the new guidance was applied retrospectively to all active memberships as of the date of adoption. Upon implementation, management determined that the membership dues did not result in a material performance obligation for the Organization and, accordingly, all membership dues are recognized as revenue when payment is received. As a result, the Organization has recorded a cumulative effect adjustment to net assets as follows:

Net assets without donor restrictions under previous guidance	$ 2,112,537
Impact of the adoption of ASC Topic 606	186,738
Net assets without donor restrictions under ASC Topic 606	$ 2,299,275

12. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization characterized an outbreak of novel strain of coronavirus ("COVID-19") as a pandemic and on March 13, 2020, the United States declared a national emergency. As a result, the current economic environment has presented companies and organizations with unprecedented circumstances and challenges. Potential impacts to the Organization include disruptions and restrictions on the ability of employees to work, travel and other restrictions imposed by governments, as well as the possibility of post-ponements and cancellations of events. COVID-19 is also expected to adversely affect economies and financial markets in the United States and throughout the world. The extent of the impact on the Organization's financial position, operating results and cash flows will depend on future developments, including the duration and spread of the outbreak, which are highly uncertain and cannot be predicted.

* * * * * * *

Final Adjustments

U.S. Olympic Complex
1 Olympic Plaza
Colorado Springs, CO 80909-5762
Phone: (719) 866-4760 Fax: (719) 866-2200
www.usashooting.org

Client: ***1190606 - USA Shooting, Inc.***
Engagement: ***2019 - USA Shooting***
Period Ending: ***12/31/2019***
Trial Balance: ***24-01 - Trial Balance***
Workpaper: ***25-01 - Adjusting Journal Entries Report***

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
ADJUSTING: To record the impact of the 12/31/18 write off of old accounts receivable balances.			
3000	Opening Bal Equity	95,626.93	
120000	Accounts Receivable		95,626.93
Total		**95,626.93**	**95,626.93**
Adjusting Journal Entries JE # 2			
ADJUSTING: To record the impact of the 12/31/18 write off of the old receivable for the roof insurance claim.			
3000	Opening Bal Equity	56,010.00	
120001	Other Accounts Receivable		56,010.00
Total		**56,010.00**	**56,010.00**
Adjusting Journal Entries JE # 3			
ADJUSTING: To record the impact of the 12/31/18 adjustment to travel advances.			
3000	Opening Bal Equity	31,059.31	
122000	Advances Receivable		31,059.31
Total		**31,059.31**	**31,059.31**
Adjusting Journal Entries JE # 4			
ADJUSTING: To record the impact of the 12/31/18 adjustment to fixed assets based upon the fixed asset schedule.			
132200	Outdoor Range	31,027.81	
132600	Accumulated Amortization	636,525.47	
3000	Opening Bal Equity	84,410.89	
132000	Office Equipment		44,999.66
132100	Training Equipment		214,705.59
132500	Accumulated Depreciation		460,281.99
3000	Opening Bal Equity		31,027.48
3000	Opening Bal Equity		949.45
Total		**751,964.17**	**751,964.17**
Adjusting Journal Entries JE # 5			
ADJUSTING: To record the impact of the 12/31/18 adjustment to prepaid insurance.			
500021	Company Insurance	11,295.23	
3000	Opening Bal Equity		11,295.23
Total		**11,295.23**	**11,295.23**
Adjusting Journal Entries JE # 6			

ADJUSTING: To record the impact of the 12/31/18 adjustment to prepaid expenses.

3000	Opening Bal Equity	85,305.65	
500042	Lodging		85,305.65
Total		**85,305.65**	**85,305.65**

Adjusting Journal Entries JE # 7
ADJUSTING: To record the impact of the 12/31/18 adjustment to target inventory.

155300	Federal Shotgun Ammo - VIK	16,120.00	
3000	Opening Bal Equity	22,871.00	
3000	Opening Bal Equity	1,913.40	
145301	Inventory - Targets		22,871.00
145600	Inventory - Winchester Ammo (Sales)		1,913.40
3000	Opening Bal Equity		16,120.00
Total		**40,904.40**	**40,904.40**

Adjusting Journal Entries JE # 8
ADJUSTING: To record the impact of the 12/31/18 write off of team uniforms, as these are considered to be supplies expense, not inventory held for sale.

3000	Opening Bal Equity	31,096.00	
145400	Inventory - Team Uniforms		31,096.00
Total		**31,096.00**	**31,096.00**

Adjusting Journal Entries JE # 9
ADJUSTING: To record the impact of the 12/31/18 write off of other old inventory balances.

3000	Opening Bal Equity	15,000.00	
3000	Opening Bal Equity	50,400.00	
3000	Opening Bal Equity	38,785.00	
3000	Opening Bal Equity	38,928.00	
3000	Opening Bal Equity	49,690.00	
3000	Opening Bal Equity	41,264.52	
145500	Inventory - Other		28,623.01
146200	Inventory - Youth Development Merchandise		12,641.51
155400	Guns - VIK		49,690.00
155600	Podium Ammo Rev - VIK		15,000.00
155700	Beretta Uniforms - VIK		50,400.00
155800	Auction Inventory - VIK		38,785.00
155900	NetSuite Software - VIK		38,928.00
Total		**234,067.52**	**234,067.52**

Adjusting Journal Entries JE # 10
ADJUSTING: To record the impact of the 12/31/18 adjustment to store inventory.

3000	Opening Bal Equity	152,437.00	
145000	Inventory - Store & Online Merchandise		152,437.00
Total		**152,437.00**	**152,437.00**

Adjusting Journal Entries JE # 11
ADJUSTING: To record the impact of the 12/31/18 accounts payable adjustment.

500041	Airfare	10,232.26	
3000	Opening Bal Equity		10,232.26
Total		**10,232.26**	**10,232.26**

Adjusting Journal Entries JE # 12
ADJUSTING: To record the impact of the 12/31/19 adjustment to the due to the USOPC.

3000	Opening Bal Equity	12,518.74	
500031	Facility Lease		12,518.74
Total		**12,518.74**	**12,518.74**

Adjusting Journal Entries JE # 13
ADJUSTING: To record the impact of the 12/31/18 adjustment to accrued PTO.

500001	Salaries	18,616.16	
3000	Opening Bal Equity		18,616.16
Total		**18,616.16**	**18,616.16**

Adjusting Journal Entries JE # 14
ADJUSTING: To record the impact of the 12/31/18 adjustment to deferred membership dues as nothing should be deferred.

211000	Deferred Rev - 5 Yr. Membership	53,580.00	
212000	Deferred Rev. - Life Membership	108,520.62	
214000	Other Deferred Revenue	7,730.00	
3000	Opening Bal Equity		169,830.62
Total		**169,830.62**	**169,830.62**

Adjusting Journal Entries JE # 15
ADJUSTING: To record the impact of the 12/31/18 adjustment to beginning net assets.

500026	Equipment Purchases	1,443.82	
3000	Opening Bal Equity		611.30
3000	Opening Bal Equity		832.52
Total		**1,443.82**	**1,443.82**

Adjusting Journal Entries JE # 16
ADJUSTING: To record the impact of the 12/31/18 adjustment to the checking account GL balance.

3000	Opening Bal Equity	27,410.36	
BK-499999	Miscellaneous Adjustments		27,410.36
Total		**27,410.36**	**27,410.36**

Adjusting Journal Entries JE # 17
ADJUSTING: To record the impact of the 12/31/18 write off of gun inventory, as the Organization does not hold gun inventory for sale to the general public in the normal course of business.

3000	Opening Bal Equity	20,293.00	
146100	Inventory - Guns (Sales)		20,293.00
Total		**20,293.00**	**20,293.00**

Adjusting Journal Entries JE # 18
ADJUSTING: To record the impact of the 12/31/18 write off of the ELey ammo as it not held for sale.

3000	Opening Bal Equity	251,313.00	
145200	Inventory - Eley Ammo (Sales)		37,000.00
155200	Eley Rifle/Pistol Ammo - VIK		214,313.00
Total		**251,313.00**	**251,313.00**

Adjusting Journal Entries JE # 19

ADJUSTING: To record the impact of the 12/31/18 write off of Winchester and Federal ammo used by USA Shooting team members, as the majority of this amount is not held for sale.

3000	Opening Bal Equity	211,529.00	
145600	Inventory - Winchester Ammo (Sales)		55,725.00
155100	Winchester Shotgun Ammo - VIK		81,684.00
155300	Federal Shotgun Ammo - VIK		74,120.00
Total		**211,529.00**	**211,529.00**

Adjusting Journal Entries JE # 20

ADJUSTING: To record the impact of the 12/31/18 adjustment for accrued payroll.

3000	Opening Bal Equity	62,617.73	
205000	Accrued Wages & Vacation		62,617.73
Total		**62,617.73**	**62,617.73**

Adjusting Journal Entries JE # 21

ADJUSTING: To record the impact of the 12/31/18 adjustment to accrue for the bonus amounts paid to the prior CEO in 2019 and 2020 related to 2018 performance.

3000	Opening Bal Equity	95,000.00	
500001	Salaries		65,000.00
BK-299999	Accrued Bonus		30,000.00
Total		**95,000.00**	**95,000.00**

Adjusting Journal Entries JE # 22

ADJUSTING: To roll forward net assets from the 2018 balance as a result of changes made to the QuickBooks file after BK imported the 2018 trial balance.

BK-499999	Miscellaneous Adjustments	56,837.89	
3000	Opening Bal Equity		56,837.89
Total		**56,837.89**	**56,837.89**

Adjusting Journal Entries JE # 23

To adjust A/R account 120000 at 12/31/19 as per client, the balance should be $0.

120000	Accounts Receivable	14,376.93	
500041	Airfare		14,376.93
Total		**14,376.93**	**14,376.93**

Adjusting Journal Entries JE # 24

To adjust A/R account 120001 at 12.31.19 and adjust the direct mail campaign revenue for 2019.

113000	Chase - Direct Mail 0103	100,179.12	
500013	Printing/Production	138,330.00	
120001	Other Accounts Receivable		100,179.12
470020	Direct Mail Campaigns		138,330.00

Total		**238,509.12**	**238,509.12**

Adjusting Journal Entries JE # 25
To adjust A/R account 120000 at 12.31.19 as per client, the balance should be $0.

122000	Advances Receivable	16,912.29	
115500	Advances Cash		16,912.29
Total		**16,912.29**	**16,912.29**

Adjusting Journal Entries JE # 26
To adjust online store inventory at 12.31.19.

500054	Cost of Goods Sold	10,551.41	
145000	Inventory - Store & Online Merchandise		10,551.41
Total		**10,551.41**	**10,551.41**

Adjusting Journal Entries JE # 27
To adjust inventory account 14001 at 12.31.19

480006	Store Sales	1,120.00	
140001	Inventory Asset		1,120.00
Total		**1,120.00**	**1,120.00**

Adjusting Journal Entries JE # 28
To adjust target inventory at 12.31.19

500050	Targets	7,727.45	
145301	Inventory - Targets		7,727.45
Total		**7,727.45**	**7,727.45**

Adjusting Journal Entries JE # 29
To adjust inventory other at 12.31.19

500057	Team Uniforms	1,125.00	
145500	Inventory - Other		1,125.00
Total		**1,125.00**	**1,125.00**

Adjusting Journal Entries JE # 30
To adjust shotgun ammo at 12.31.19

500051	Ammunition	2,755.00	
145600	Inventory - Winchester Ammo (Sales)		2,755.00
Total		**2,755.00**	**2,755.00**

Adjusting Journal Entries JE # 31
To record depreciation expense for the year

500032	Depreciation	87,768.75	
132500	Accumulated Depreciation		87,768.75
Total		**87,768.75**	**87,768.75**

Adjusting Journal Entries JE # 32
To record purchase of equipment

132100	Training Equipment	7,315.00	
500024	Equipment Rental		2,100.00
500026	Equipment Purchases		5,215.00

Total		**7,315.00**	**7,315.00**

Adjusting Journal Entries JE # 33
ADJUSTING: To adjust prepaid insurance as of 12/31/19 based on prepaid insurance schedule.

500021	Company Insurance	3,243.85	
151000	Prepaid Insurance		3,243.85
Total		**3,243.85**	**3,243.85**

Adjusting Journal Entries JE # 34
ADJUSTING: To adjust prepaid travel as of 12/31/19 based on prepaid expense schedule.

500041	Airfare	208,174.37	
155000	Other Prepaid Expense		208,174.37
Total		**208,174.37**	**208,174.37**

Adjusting Journal Entries JE # 35
ADJUSTING: To expense UNITED VIK during 2019.

500041	Airfare	7,319.00	
155500	United VIK - USOC		7,319.00
Total		**7,319.00**	**7,319.00**

Adjusting Journal Entries JE # 36
ADJUSTING: To expense VIK auction inventory received during 2019.

500052	Promotional Items	850.00	
155800	Auction Inventory - VIK		850.00
Total		**850.00**	**850.00**

Adjusting Journal Entries JE # 37
ADJUSTING: To write of the "uncategorized asset" as of December 31, 2019.

150001	Uncategorized Asset	48,212.25	
BK-499999	Miscellaneous Adjustments		48,212.25
Total		**48,212.25**	**48,212.25**

Adjusting Journal Entries JE # 38
ADJUSTING: To adjust the balance of accounts payable as of 12/31/19 based on accounts payable aging report.

201000	Accounts Payable	118,373.27	
669000	Reconciliation Discrepancies-1		118,373.27
Total		**118,373.27**	**118,373.27**

Adjusting Journal Entries JE # 39
ADJUSTING: To adjust the due to the USOPC as of 12/31/19 based on detail schedule.

669000	Reconciliation Discrepancies-1	117,745.42	
201010	Due to USOC		117,745.42
Total		**117,745.42**	**117,745.42**

Adjusting Journal Entries JE # 40

ADJUSTING: To adjust the balance of the investment with the USOE as of 12/31/19 and investment income for 2019 based upon investment statement.

119000	USOE - Bunker Club	161,068.00	
150000	USOE - Lones Wigger	922.00	
450050	Dividend Income USOF		15,324.00
450100	Interest Income - Restricted		933.00
450300	Unrealized Gain/Loss		38,317.00
450310	Realized Gains/Losses		107,384.00
669000	Reconciliation Discrepancies-1		32.00
Total		**161,990.00**	**161,990.00**

Adjusting Journal Entries JE # 41
ADJUSTING: To accrue for Sport80 USA and Humana invoices not accrued for as of 12/31/19 based on cash disbursements testing.

500003	Benefits	19,045.00	
500016	Professional Services	5,000.00	
201000	Accounts Payable		24,045.00
Total		**24,045.00**	**24,045.00**

Adjusting Journal Entries JE # 43
ADJUSTING: To accrue for payroll and adjust the accrued vacationas of 12/31/2019 based on the payroll summary reports and accrued vacation report.

205000	Accrued Wages & Vacation	46,719.47	
500001	Salaries		46,719.47
Total		**46,719.47**	**46,719.47**

Adjusting Journal Entries JE # 44
ADJUSTING: To adjust the credit card liability as of 12/31/19.

260000	Chase MasterCard	80.82	
271000	AMEX Credit Card:AMEX-Corp	356.23	
272000	AMEX Credit Card:AMEX - Amber	26,337.30	
273000	AMEX Credit Card:AMEX-Penny	327,646.45	
274000	AMEX Credit Card:AMEX-Rewards	1,100.00	
275000	AMEX Credit Card:AMEX-Alex	30,204.21	
276000	AMEX Credit Card:AMEX - Bob	2,122.06	
277000	AMEX Credit Card:AMEX-Jessica	15,382.05	
278000	AMEX Credit Card:AMEX-Kevin	48,828.25	
279000	AMEX Credit Card:AMEX-Libby	646.62	
280000	AMEX Credit Card:AMEX-Jason P	781.30	
281000	AMEX Credit Card:AMEX-Jay	33,610.79	
282000	AMEX Credit Card:AMEX-Todd	4,247.84	
283000	AMEX Credit Card:AMEX-Pete	41,350.28	
284000	AMEX Credit Card:AMEX-Chuck	12,000.96	
285000	AMEX Credit Card:AMEX - Patsy	17,211.15	
286000	AMEX Credit Card:AMEX - Stacy	15,440.19	
287000	AMEX Credit Card:AMEX-Jared	161.18	
669000	Reconciliation Discrepancies-1	159,793.91	
265000	Visa Credit Card		116,972.53
270000	AMEX Credit Card		620,329.06
Total		**737,301.59**	**737,301.59**

Adjusting Journal Entries JE # 45
ADJUSTING: To record the impact of the 12/31/18 accrual of amount for Humana.

3000	Opening Bal Equity	14,621.00	
500003	Benefits		14,621.00
Total		**14,621.00**	**14,621.00**

Adjusting Journal Entries JE # 47
To write off youth development inventory at 12.31.19.

BK-499999	Miscellaneous Adjustments	19,835.40	
146200	Inventory - Youth Development Merchandise		19,835.40
Total		**19,835.40**	**19,835.40**

Adjusting Journal Entries JE # 48
To write off Federal shot gun VIK.

500051	Ammunition	111,337.00	
155300	Federal Shotgun Ammo - VIK		111,337.00
Total		**111,337.00**	**111,337.00**

Adjusting Journal Entries JE # 49
ADJUSTING: To adjust the prepaid workers compensation insurance as of 12/31/19 based upon the invoice, and expense the prepaid United Airlines airfare.

500004	Worker's Comp	420.00	
500041	Airfare	27,287.44	
151000	Prepaid Insurance		420.00
155000	Other Prepaid Expense		27,287.44
Total		**27,707.44**	**27,707.44**

Adjusting Journal Entries JE # 50
ADJUSTING: To recognize the full amount of the ISSF grant for the Olympics in 2019. The amount is restricted for the Olympics, but does not contain a condition.

214000	Other Deferred Revenue	157,481.26	
410034	ISSF Quota Grant		157,481.26
Total		**157,481.26**	**157,481.26**

Adjusting Journal Entries JE # 51
ADJUSTING: To adjust the bank account balances based upon the bank statements and reconciliations as of 12/31/19.

100000	Chase - Checking 4248	168,230.00	
110000	Chase - Bunker Club 9378	3,337.00	
112500	Chase - Savings 4337	117.00	
113001	Chase - Restricted 0129	100,000.00	
113002	Chase-6119 Memberships	156.00	
107000	Chase - Merchandise 3530		33,736.00
113000	Chase - Direct Mail 0103		124,865.00
669000	Reconciliation Discrepancies-1		113,239.00
Total		**271,840.00**	**271,840.00**

Adjusting Journal Entries JE # 52

To record addtional A/P for United Airlines at 12.31.19 per UA December statement

500041	Airfare	50,027.00	
201000	Accounts Payable		50,027.00
Total		**50,027.00**	**50,027.00**

Adjusting Journal Entries JE # 53
To reclassify from life memberships to appropriate revenue accounts.

440092	Membership:Life Membership	66,092.15	
500019	Credit Card Processing Fees	2,973.99	
411642	Progressive Pistol Program		4,900.00
420510	Target Registrations Income		12.00
420510	Target Registrations Income		681.00
430050	PTO Revenue		429.00
430050	PTO Revenue		6.00
430152	State JOSC Shotgun		63.00
430153	Nat'l JOSC Shotgun		13,750.00
430154	USASNC Shotgun		9,000.00
430254	USASNC Para		500.00
430354	USASNC Pistol		5,165.00
430454	USASNC Rifle		11,175.00
431056	Fall Selection SG Revenue		7,955.00
440090	Membership		1,264.00
440091	Membership:Five Year Membership		2,250.00
440093	Membership:Club Membership		360.00
440095	Membership:Fan Club Membership		300.00
440097	Membership:Adult Membership		5,120.00
440098	Membership:Jr Membership		4,620.00
440101	Membership:Promotions		200.00
495330	Online Donations		1,316.14
Total		**69,066.14**	**69,066.14**

Adjusting Journal Entries JE # 55
ADJUSTING: To adjust the USOPC support based upon detail received from the USOPC.

500051	Ammunition	82,942.00	
BK-599999	USOPC Rent Expense Subsidy	702,306.00	
420005	USOC HP Funding		82,942.00
BK-429999	USOPC Rent Revenue Subsidy		702,306.00
Total		**785,248.00**	**785,248.00**
	Total Adjusting Journal Entries	**5,796,707.20**	**5,796,707.20**
	Total All Journal Entries	**5,796,707.20**	**5,796,707.20**

Communication to the Board of Directors

and

Memorandum on Business Matters and Internal Control

December 31, 2019 and 2018

BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS SPECIALISTS

July 23, 2020

To the Board of Directors
USA Shooting, Inc.
Colorado Springs, Colorado

This letter is intended to inform the board of directors of the USA Shooting, Inc. (the "Organization") about significant matters related to the conduct of the audits so that it can appropriately discharge its oversight responsibility, and so that we comply with our professional responsibilities to those charged with governance.

The following summarizes various matters that must be communicated to you under our professional standards.

THE AUDITOR'S RESPONSIBILITY UNDER PROFESSIONAL STANDARDS

Our audits of the financial statements of the Organization as of and for the years ended December 31, 2019 and 2018 were conducted 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, rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Our audits included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, obtaining an understanding of internal control, and performing such other procedures as we considered necessary in the circumstances. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses its knowledge and experience about past and current events and certain assumptions about future events. Estimates significant to the financial statements are as follows:

- Functional expense allocation
- Estimated useful lives of property and equipment
- Valuation of investments

The board of directors may wish to monitor throughout the year the process used to compute and record these accounting estimates.

AUDIT ADJUSTMENTS

We proposed adjustments to the trial balance provided to us at the beginning of the audits. See attached for listing of audit adjustments.

UNCORRECTED MISSTATEMENTS

During the course of our audit work, we noted uncorrected misstatements that were determined by management to be immaterial to the financial statements taken as a whole as follows:

Proposed Journal Entries JE # 42			
To record the impact of the extrapolation from the amounts excluded from accruals based on cash disbursement testing.			
669000	Reconciliation Discrepancies-1	31,383.00	
201000	Accounts Payable		31,383.00
Total		**31,383.00**	**31,383.00**

Proposed Journal Entries JE # 54			
To record the impact of the unbilled amounts from Thomas James improperly excluded from accounts payable as of December 31, 2018.			
3000	Opening Bal Equity	5,775.00	
500027	Audit & Legal		5,775.00
Total		**5,775.00**	**5,775.00**

ACCOUNTING POLICIES AND ALTERNATIVE TREATMENTS

- **Adoption of Accounting Policies**

  The board of directors has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization adopted three new accounting pronouncements:

  - ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,* effective January 1, 2018
  - ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASC Topic 606"), effective January 1, 2018
  - ASU No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* effective January 1, 2019

- **Significant or Unusual Transactions**

  We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

- **Critical Accounting Policies and Practices**

  The primary responsibility for establishing the Organization's critical accounting policies and practices applied in its financial statements rests with management. A summary of the significant accounting policies adopted by the Organization is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the years ended December 31, 2019 and 2018. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is lack of authoritative guidance or consensus. We believe management's disclosures regarding such policies and practices are adequate.

- **Alternative Treatments Discussed With Management**

  We did not discuss with management any alternative treatments under accounting principles generally accepted in the United States of America for accounting policies and practices related to material items during the current audit periods.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility for other information in documents containing the Organization's financial statements and our auditor's report does not extend beyond the financial information referred to in our auditor's report. We are not aware of other documents that contain the Organization's audited financial statements.

DISAGREEMENTS WITH MANAGEMENT

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgment on any significant matters, the scope of the audits, or significant disclosures to be included in the financial statements.

CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any formal consultations management had with other accountants about accounting or auditing matters. Management periodically obtains accounting assistance from BiggsKofford, P.C.

MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION

No major issues were discussed with management prior to our retention to perform the aforementioned audits.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDITS

While we did not encounter any difficulties in dealing with management relating to the performance of the audits, the audits were delayed and took additional time to complete due to the lack of account reconciliations and numerous audit adjustments proposed.

MEMORANDUM ON BUSINESS MATTERS AND INTERNAL CONTROL

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements of the Organization for the years ended December 31, 2019 and 2018 in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect financial statement misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in the internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Organization's annual or interim financial statement will not be prevented or detected on a timely basis.

MATERIAL WEAKNESSES

During our audits of 2018 and 2019, we noted several material weaknesses in internal control which have been summarized below.

- <u>Internal financial statements and oversight:</u>
  USA Shooting incurred a loss from operations in 2018 in excess of $1.6 million. This loss has significantly impacted the financial stability of the Organization. The operating budget was not monitored at an adequate level during 2018, nor were any significant adjustments made to operations to minimize the loss. Additionally, the internal financial statements made available to those responsible for governance were not accurate, making it difficult for management and the Board to make decisions related to operations.

  We recommend the board approved budget be monitored on a monthly basis. Significant budget variances should be explained and plans should be developed to address any shortfalls in income and any negative variances in expenses should be explained.

- <u>Bank reconciliations:</u>
  We noted that USA Shooting's bank accounts had not been properly reconciled for many months and there were several old unreconciled transactions. It appeared QuickBooks bank reconciliation module had not been used or cleaned up for an extended period of time, which made it difficult to determine the checking account balance at year-end. We proposed an adjustment to each cash account, including an adjustment of almost $170,000 to the checking account at December 31, 2019.

  Management MUST reconcile all cash accounts on a monthly basis. Each reconciliation should be reviewed and approved.

- <u>Unreconciled accounts:</u>
  During the course of the audits, we proposed and recorded over 50 audit adjustments to the trial balances given to us by management. The adjustments ranged from approximately $10,000 to $200,000 and represent errors in USA Shooting's financial statements that were detected by our auditing procedures. This is an extremely high number of audit adjustments for an organization this size.

  We recommend USA Shooting implement monthly and yearly accounting close processes that require reconciliation of all balance sheet accounts and review of income and expense accounts for reasonableness. These reconciliations should be reviewed and approved by someone other than the preparer.

- <u>Supporting documentation</u>
  We requested supporting documentation for several income and expense accounts as part of our audit procedures. Quite often management could not locate the original supporting documentation and had to request this information from the vendor and/or source of the revenue.

  We recommend that management follow their document retention and destruction policy or update it as necessary and maintain organized records for income and expense transactions.

- <u>Inventory</u>
  Management failed to maintain adequate inventory records that substantiated year-end balances. We obtained various inventory reports and were forced to back into inventory balances for 2018 and 2019, which was a difficult and time intensive process.

  We recommend management count inventory held for sale more frequently and make sure the inventory listings are updated and reconciled to the general ledger accounts regularly. Additionally, we recommend that management request inventory reports from the third party responsible for managing the offsite inventory, and those reports be reconciled to the general ledger regularly.

- <u>Endowment records</u>
  The USOE Bunker Club account was understated by over $160,000 at December 31, 2019. Additionally, USA Shooting did not have adequate endowment records that described the nature and terms of the endowment.

  We recommend that the endowment activity be reconciled monthly and that management maintain sufficient endowment documentation that describes the nature and terms of the agreement.

- Property and equipment
  USA Shooting does not maintain a depreciation schedule for property and equipment. This schedule was prepared during the audit and several large adjustments were made to the various account balances.

  We recommend a depreciation schedule be maintained by management and accounts be reconciled at least on an annual basis.

- Accounting System
  USA Shooting utilizes Quickbooks Online for its accounting system. It was clear that finance staff did not possess adequate knowledge of system, therefore, many duplicate entries, coding errors, inadequate descriptions, etc. were noted.

  USA Shooting must ensure that finance staff possess the proper knowledge of its accounting system and maintain a clean and accurate general ledger.

CLOSING

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to USA Shooting, Inc..

This report is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than the specified parties.

Sincerely,

BiggsKofford, P.C.

BiggsKofford, P.C.
Colorado Springs, Colorado

USAS Management Response
BiggsKofford Memorandum
on Business Matters and Internal Control
For periods ending December 31, 2019 and 2018
July 30, 2020

Background and Activity

In July 2019, a new Finance Committee of the Board of Directors was established. Over the next several months, it was acknowledged that there was a lack of appropriate financial reporting, cash management as well as a lack of adequate internal controls. The immediate priority was appropriate daily cash management and forecasting. New monthly financial and cashflow reporting was implemented in early 2020 that included comparisons to prior year and budget as well as monthly reforecasting of current year. The USAS balance sheet had apparent issues and old adjustments had not been made dating back as far as 2014 in the accounting system. An organizational priority was established to contract for and complete the 2018 and subsequently the 2019 audit to ensure full reconciliation and required adjustments, methodologies and associated required internal control processes were identified. A new Audit firm was identified and contracted, BiggsKofford, to complete 2018 and 2019 USAS financial audit. During this time, it became apparent that USAS financial staffing resources were not adequate to ensure appropriate financial management and controls. Alternative options were evaluated ultimately resulting in a contract for outsourced financial management services with Altruic Partners. Altruic Partners provides services for a number of other similar National Governing Bodies. In addition, certain financial internal controls were identified and implemented. Altruic Partners has completed the transition, is implementing the necessary audit directed 2018 and 2019 year-end adjustments and will be publishing new 2020 monthly and year to date financials in the coming weeks. In addition, a new Financial Internal Controls policy will be documented, reviewed and presented to the full board for adoption along with appropriate audits against the adherence to the defined policies.

Identified Material Weaknesses in internal control

Category	Weakness	Audit Recommendation	USAS Management Action and Plans
Internal financial statements and oversight	USA Shooting incurred a loss from operations in 2018 in excess of $1.5 million. This loss has significantly impacted the financial stability of the organization. The operating budget was not monitored at an adequate level during 2018, nor were any significant adjustments made to operations to minimize the loss. Additionally, the internal financial statements made available to those responsible for governance were not accurate, making it difficult for management and the Board to make decisions related to operations.	We recommend the board approved budget be monitored on a monthly basis. Significant budget variances should be explained and plans should be developed to address any shortfalls in income and any negative variances in expenses should be explained.	The monthly 2020 budget has been created and will be a part of the financial reporting package. An "Explanation of Significant Variances' will be included in the financial reporting package according to the defined and approved internal controls.
Bank Reconciliations	We noted that USA Shooting's bank accounts had not been properly reconciled for many months and there were several old unreconciled transactions. It appeared QuickBooks bank reconciliation module had not been used or cleaned up for an extended period of time, which made it difficult to determine the checking account balance at year-end. We proposed an adjustment to each cash account, including an adjustment of almost $170,000 to the checking account at December 31, 2019.	Management MUST reconcile all cash accounts on a monthly basis. Each reconciliation should be reviewed and approved.	This is a required service in the Altruic contract to be completed monthly with defined USAS Management checks and approvals to be included in the internal controls policy.
Unreconciled Accounts	During the course of the audits, we proposed and recorded over 50 audit adjustments to the trial balances given to us by management. The adjustments ranged from approximately $10,000 to $200,000 and represent errors in USA Shooting's financial statements that were detected by our auditing procedures. This is an extremely high	We recommend USA Shooting implement monthly and yearly accounting close processes that require reconciliation of all balance sheet accounts and review of income and expense accounts for reasonableness. These reconciliations	This is a required service in the Altruic contract to be completed monthly with defined USAS management checks and approvals to be included in the internal controls policy.

Category	Weakness	Audit Recommendation	USAS Management Action and Plans
	number of audit adjustments for an organization your size.	should be reviewed and approved by someone other than the preparer.	
Supporting documentation	We requested supporting documentation for several income and expense accounts as part of our audit procedures. Quite often management could not locate the original supporting documentation and had to request this information from the vendor and/or source of the revenue.	We recommend that management follow their document retention and destruction policy or update it as necessary and maintain organized records for income and expense transactions.	USAS has implemented an electronic record retention system and is systematically transferring paper files to electronic media and filing system. As of this date, 2020 has been completed and plans are in place for the systematic transfer of 2019 and prior years. Record retention policies will be documented with periodic audits against the final approved policy.
Inventory	Management failed to maintain adequate inventory records that substantiated year-end balances. We obtained various inventory reports and were forced to back into inventory balances for 2018 and 2019, which was a difficult and time intensive process.	We recommend management count inventory held for sale throughout the year and at year-end and make sure the inventory listings are updated and reconciled to the general ledger accounts regularly. Additionally, we recommend that management request inventory reports from the third party responsible for managing the offsite inventory, and those reports be reconciled to the general ledger regularly.	USAS has implemented periodic inventory management to include improved inventory record keeping against sale or transfer records. Periodic inventory audits no less than quarterly will occur with reconciliation against financial sale or transfer records. Inventory management policies will be documented with periodic audits against the final approved policy.
Endowment records	The USOE Bunker Club account was understated by over $160,000 at December 31, 2019. Additionally, USA Shooting did not have adequate endowment records that described the nature and terms of the endowment.	We recommend that the endowment activity be reconciled monthly and that management maintain sufficient endowment documentation that describes the nature and terms of the agreement.	Endowment and other grant program policies will be documented with periodic audits against the final approved policy. Management of these programs will also incorporate specific requirements as defined in the endowment or grant program.

Category	Weakness	Audit Recommendation	USAS Management Action and Plans
			Policies will be documented with periodic audits against the final approved policy.
Property and Equipment	USA Shooting does not maintain a depreciation schedule for property and equipment. This schedule was prepared during the audit and several large adjustments were made to the various account balances.	We recommend a depreciation schedule be maintained by management and accounts be reconciled at least on an annual basis.	This is a required service in the Altruic contract to be completed monthly with defined USAS management checks and approvals to be included in the internal controls policy.
Accounting System	USA Shooting utilizes Quickbooks Online for its accounting system. It was clear that finance staff did not possess adequate knowledge of system, therefore, many duplicate entries, coding errors, inadequate descriptions, etc. were noted.	USA Shooting must ensure that finance staff possess the proper knowledge of its accounting system and maintain a clean and accurate general ledger.	This is a required service in the Altruic contract with defined USAS management checks and approvals to be included in the internal controls policy.

In summary, USAS wishes to express its commitment to address the issues of the past and move forward with sound fiscal policies and best practices. Our goal is to manage the organization and serve our members and athletes to the highest level possible to ensure USAS can support our athletes to allow them to prepare, focus and ultimately perform at the highest level.

USA Shooting Management – Matt Suggs, CEO

USA Shooting Board of Directors – Chad Whittenburg, Chairman