

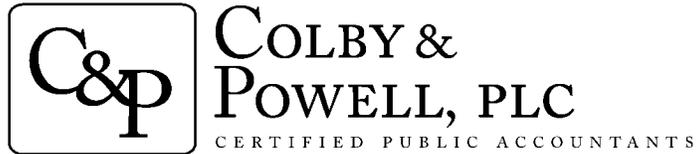
RIO SALADO SPORTSMAN'S CLUB, INC.

Financial Statements
and
Independent Auditors' Report

June 30, 2019

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
<i>Financial Statements</i>	
Statement of Assets, Liabilities, and Net Assets – Income Tax Basis	3
Statement of Revenues, Expenses, and Other Changes in Net Assets – Tax Basis.....	4
Statement of Functional Expenses – Tax Basis	5
Notes to Financial Statements.....	6



1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rio Salado Sportsman's Club, Inc.
Chandler, Arizona

We were engaged to audit the accompanying financial statements of Rio Salado Sportsman's Club, Inc. (a nonprofit organization) which comprise the statement of assets, liabilities, and net assets – income tax basis, as of June 30, 2019, the related statements of revenue, expenses, and other changes in net assets – income tax basis, and the statement of functional expenses – income tax basis for the year 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 the basis of accounting Rio Salado Sportsman's Club, Inc. uses for income tax purposes; this includes determining that the income tax basis of accounting is an acceptable for the preparation of the financial statements in the circumstances. Management is also responsible for 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Rio Salado Sportsman's Club has not maintained adequate accounting records and supporting data; therefore, we were not able to obtain sufficient appropriate audit evidence supporting the amounts recorded in the accompanying financial statements.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis of Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting Rio Salado Sportsman's Club, Inc. uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 2 to the financial statements, for the year ended June 30, 2019, Rio Salado Sportsman's Club, Inc. adopted Financial Accounting Standards Board Update (ASU) No. 2016-14 – *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Colby & Powell".

December 6, 2019

RIO SALADO SPORTSMAN'S CLUB, INC.
Statement of Assets, Liabilities, and
Net Assets – Income Tax Basis
June 30, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,184,462
Property and equipment, net	<u>1,220,923</u>
TOTAL ASSETS	<u><u>\$ 2,405,385</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accrued expenses	\$ 18,888
Net Assets	
Without donor restrictions	<u>2,386,496</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,405,384</u></u>

The accompanying notes are an integral part of these financial statements

RIO SALADO SPORTSMAN’S CLUB, INC.
Statement of Revenues, Expenses, and Other
Changes in Net Assets – Income Tax Basis
For the Year Ended June 30, 2019

**CHANGES IN NET ASSETS
WITHOUT DONOR RESTRICTIONS**

Revenues and support

Event income	\$ 769,958
Sporting clay	450,317
Membership dues and assessments	440,703
Range fees	340,646
Ammo and target sales	197,753
Other income	31,615
Contributions	5,004

Total revenues and support	2,235,996
----------------------------	-----------

Expenses

Program services	2,358,697
------------------	-----------

Change in net assets without donor restrictions	(122,701)
--	------------------

Net assets, beginning of year	2,509,197
-------------------------------	-----------

Net assets, end of year	\$ 2,386,496
-------------------------	--------------

The accompanying notes are an integral part of these financial statements

RIO SALADO SPORTSMAN’S CLUB, INC.
Statement of Functional Expenses – Income Tax Basis
For the Year Ended June 30, 2019

	Program Services
Expenses	
Salaries and wages	\$ 677,352
Event fees	589,563
Purchases	380,467
Depreciation	264,740
Supplies	76,128
Repairs	58,080
Payroll taxes	57,189
Utilities	55,668
Insurance	54,020
Professional services	38,066
Gifts and promotions	34,865
Bank fees	28,060
Postage and printing	9,562
Board costs	9,089
Contracted services	5,844
Donations	4,735
Telephone	3,379
Miscellaneous	3,062
Advertising	2,652
Equipment rental	2,049
Licenses and fees	1,762
Taxes-sales	1,339
Taxes-property	1,026
	\$ 2,358,697
Total expenses	\$ 2,358,697

The accompanying notes are an integral part of these financial statements

RIO SALADO SPORTSMAN’S CLUB, INC.
Notes to Financial Statements
June 30, 2019

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Rio Salado Sportsman’s Club Inc., located in Mesa, Arizona, was incorporated as a nonprofit organization under the laws of the State of Arizona on July 1, 1955, for the purpose of operating exclusively for pleasure, recreation, and similar nonprofit purposes.

Basis of Accounting – The accompanying financial statements have been prepared on the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, the Club has not classified the difference between its assets and liabilities based on the existence or absence of donor-imposed restrictions. In addition, the Organization has not reported the changes in each of those classes of net assets in the accompanying financial statements.

Basis of Presentation – The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC). Under FASB ASC 958, the Club is required to report information regarding its financial position and activities according to two classes of net assets: unrestricted and restricted. A description of the two net asset categories follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Net Assets with Donor Restrictions – Net assets whose use by the Club is subject to donor-imposed restrictions that can be fulfilled by actions of the Club pursuant to those restrictions or that expire by the passage of time.

Income Taxes – The Club is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(4) and therefore has made no provision for Federal income taxes.

Cash and cash equivalents – Cash includes demand deposits, savings deposits, money market accounts, and certificates of deposit. Highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents (i.e. U.S. Treasury bills and commercial paper).

RIO SALADO SPORTSMAN’S CLUB, INC.
Notes to Financial Statements
June 30, 2019

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment – Property and equipment are stated at cost if purchased and fair value if donated. Depreciation is computed using the double-declining balance method over the estimated useful lives of the assets as follows:

	Estimated Useful Life (years)
Land	N/A
Buildings and improvements	7 - 39
Machinery and equipment	5 - 7
Vehicles	5 - 7

Functional Expenses – The costs of providing the Club’s programs and activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Management’s Review – Management has evaluated all of the Club’s events or transactions for subsequent events that would require disclosure in the financial statements through the financial issuance date of November 25, 2019.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958)—Presentation of Financial Statements of Not-for-Profit Entities. The Foundation has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Foundation's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 5).

NOTE 3 – CASH AND CASH EQUIVALENTS

The Club maintains its cash in a bank deposit account at a financial institution. The current balance covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) is \$250,000 for interest bearing accounts and non-interest-bearing accounts alike.

RIO SALADO SPORTSMAN'S CLUB, INC.
Notes to Financial Statements
June 30, 2019

NOTE 3 – CASH AND CASH EQUIVALENTS – Continued

The bank balances at the Club, at times, may exceed federally insured limits. Management has not experienced any losses in the past, and does not believe the Club is exposed to significant amount of credit risk. The Club had uninsured funds of \$916,958 as of June 30, 2019.

Cash and cash equivalents consist of the following at June 30, 2019:

Cash in bank	\$ 1,029,807
Cash in money market	148,000
Cash on hand	6,655
	\$ 1,184,462
	\$ 1,184,462

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019, was comprised of the following:

Buildings and improvements	\$ 2,266,268
Machinery and equipment	543,386
Vehicles	183,872
	2,993,526
Less accumulated depreciation	(1,772,603)
	\$ 1,220,923

NOTE 5 – LIQUIDITY

The Club has \$1,184,462 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure. None of the assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Club has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.