The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Financial Report
June 30, 2018

Contents

RSM

Independent Auditor's Report

RSM US LLP

To the Board of Directors
The Brady Campaign to Prevent Gun Violence

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of The Brady Campaign to Prevent Gun Violence and Affiliates (collectively, Brady), which comprise the consolidated balance sheets as of June 30, 2018 and 2017, the related consolidated statements of activities, functional expenses and cash flows for the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 consolidated financial position of The Brady Campaign to Prevent Gun Violence and Affiliates as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Washington, D.C.
May 17, 2019

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Balance Sheets
June 30, 2018 and 2017

		2018		2017
Assets				
Cash and cash equivalents	**$**	**2,394,629**	$	1,947,569
Accounts receivable, net		**111,481**		69,918
Promises to give, net		**643,554**		513,937
Prepaid expenses		**229,148**		232,733
Investments		**2,907,637**		1,165,486
Property and equipment, net		**820,261**		911,906
Total assets	**$**	**7,106,710**	$	4,841,549
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	**$**	**1,010,471**	$	515,829
Deferred revenue		**22,451**		110,975
Deferred rent		**1,439,646**		1,546,978
Loan payable		**-**		603,274
Total liabilities		**2,472,568**		2,777,056
Commitments (Note 10)				
Net assets:				
Without donor restrictions:				
Undesignated		**2,937,387**		190,306
Designated by the Board		**356,000**		101,074
		3,293,387		291,380
With donor restrictions:				
Time and purpose restrictions		**1,210,255**		1,642,863
Perpetual in nature		**130,500**		130,250
		1,340,755		1,773,113
Total net assets		**4,634,142**		2,064,493
Total liabilities and net assets	**$**	**7,106,710**	$	4,841,549

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statements of Activities
For the Year Ended June 30, 2018 and the Period January 1, 2016 Through June 30, 2017

	2018			2017		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	**$ 10,943,545**	**$ 1,347,678**	**$ 12,291,223**	$ 10,070,893	$ 766,153	$ 10,837,046
Donated services	**8,783,380**	**-**	**8,783,380**	13,600,854	-	13,600,854
Events	**612,358**	**-**	**612,358**	1,405,986	-	1,405,986
Investment income	**7,521**	**4,051**	**11,572**	1,031	14,553	15,584
Other	**270,167**	**-**	**270,167**	255,816	-	255,816
Net assets released from restriction	**1,784,087**	**(1,784,087)**	**-**	359,622	(359,622)	-
Total support and revenue	**22,401,058**	**(432,358)**	**21,968,700**	25,694,202	421,084	26,115,286
Expenses:						
Program services:						
Public education	**3,151,414**	**-**	**3,151,414**	3,153,403	-	3,153,403
Legal action	**9,905,784**	**-**	**9,905,784**	14,826,478	-	14,826,478
Legislation	**1,203,827**	**-**	**1,203,827**	2,756,307	-	2,756,307
Total program services	**14,261,025**	**-**	**14,261,025**	20,736,188	-	20,736,188
Supporting services:						
Fundraising	**2,948,227**	**-**	**2,948,227**	4,301,147	-	4,301,147
Management and general	**2,189,799**	**-**	**2,189,799**	1,782,870	-	1,782,870
Total supporting services	**5,138,026**	**-**	**5,138,026**	6,084,017	-	6,084,017
Total expenses	**19,399,051**	**-**	**19,399,051**	26,820,205	-	26,820,205
Change in net assets	**3,002,007**	**(432,358)**	**2,569,649**	(1,126,003)	421,084	(704,919)
Net assets:						
Beginning	**291,380**	**1,773,113**	**2,064,493**	1,417,383	1,352,029	2,769,412
Ending	**$ 3,293,387**	**$ 1,340,755**	**$ 4,634,142**	$ 291,380	$ 1,773,113	$ 2,064,493

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services				Supporting Services		
	Public Education	Legal Action	Legislation	Total Program	Fund Raising	Management and General	Total
Donated services	$ 51,916	$ 8,731,464	$ -	$ 8,783,380	$ 883	$ 35	$ 8,784,298
Salaries and benefits	222,898	679,017	665,486	1,567,401	758,880	1,304,193	3,630,474
Professional fees	890,115	185,697	37,066	1,112,878	609,843	333,885	2,056,606
Printing and publications	693,442	136	20,952	714,530	489,314	25,344	1,229,188
Occupancy	166,489	167,243	171,072	504,804	58,580	88,581	651,965
Technology	60,954	8,060	24,926	93,940	266,563	45,247	405,750
Postage and shipping	303,006	599	16,859	320,464	177,974	870	499,308
Depreciation	78,606	54,426	54,426	187,458	19,150	19,148	225,756
Meetings and conferences	11,579	2,147	14,362	28,088	165,389	11,789	205,266
Travel	92,275	24,480	80,034	196,789	67,817	63,385	327,991
Licenses and fees	-	2,452	1,172	3,624	30,031	164,676	198,331
Insurance	24,408	27,265	24,408	76,081	8,588	8,587	93,256
Advertising	552,805	-	14,469	567,274	221,316	11,683	800,273
Subscriptions and dues	381	18,827	9,885	29,093	10,511	42,159	81,763
List rental	-	-	-	-	-	-	-
Telephone	2,005	2,813	6,040	10,858	6,320	20,896	38,074
Equipment repairs	-	440	1,583	2,023	48,884	5,109	56,016
Contributions	-	-	50,000	50,000	-	-	50,000
Supplies	523	582	10,957	12,062	8,184	23,053	43,299
Taxes	-	-	-	-	-	15,313	15,313
Bad debts	-	-	-	-	-	451	451
Other	12	136	130	278	-	5,395	5,673
Total expenses	$ 3,151,414	$ 9,905,784	$ 1,203,827	$ 14,261,025	$ 2,948,227	$ 2,189,799	$ 19,399,051

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statement of Functional Expenses
For the Period January 1, 2016 Through June 30, 2017

	Program Services				Supporting Services		
	Public Education	Legal Action	Legislation	Total Program	Fund Raising	Management and General	Total
Donated services	$ 300,225	$ 12,871,230	$ 420,500	$ 13,591,955	$ 5,000	$ 3,899	$ 13,600,854
Salaries and benefits	391,098	1,272,638	1,307,152	2,970,888	1,126,093	667,830	4,764,811
Professional fees	591,715	204,404	359,897	1,156,016	979,965	205,377	2,341,358
Printing and publications	910,535	4,660	59,373	974,568	663,225	55,382	1,693,175
Occupancy	214,631	214,631	214,631	643,893	195,119	136,584	975,596
Technology	140,381	22,127	31,754	194,262	400,074	85,796	680,132
Postage and shipping	366,901	2,279	5,882	375,062	256,760	4,863	636,685
Depreciation	102,062	85,302	85,302	272,666	77,548	54,282	404,496
Meetings and conferences	2,058	16,632	66,327	85,017	279,499	35,294	399,810
Travel	9,115	53,241	116,703	179,059	64,978	117,014	361,051
Licenses and fees	-	6,054	3,241	9,295	3,639	219,333	232,267
Insurance	31,562	35,563	31,562	98,687	28,693	20,087	147,467
Advertising	86,231	3,098	10,787	100,116	14,310	9,432	123,858
Subscriptions and dues	4,587	28,053	14,221	46,861	15,238	51,964	114,063
List rental	-	-	-	-	113,274	-	113,274
Telephone	2,284	5,120	11,366	18,770	5,019	35,813	59,602
Equipment repairs	-	987	684	1,671	45,153	4,883	51,707
Supplies	18	454	5,277	5,749	8,010	29,033	42,792
Taxes	-	-	948	948	-	26,168	27,116
Bad debts	-	-	-	-	19,550	-	19,550
Other	-	5	10,700	10,705	-	19,836	30,541
Total expenses	$ 3,153,403	$ 14,826,478	$ 2,756,307	$ 20,736,188	$ 4,301,147	$ 1,782,870	$ 26,820,205

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statements of Cash Flows
For the Year Ended June 30, 2018 and the Period January 1, 2016 Through June 30, 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	**$ 2,569,649**	$ (704,919)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	**225,756**	404,496
Unrealized and realized loss (gain) on investments	**2,232**	(5,553)
Decrease in discount on promises to give	**(1,661)**	(4,960)
Loss on disposal of property and equipment	**-**	3,542
Bad debt expense	**451**	19,550
Deferred rent	**(107,332)**	(132,405)
Decrease (increase) in:		
Accounts receivable	**(41,563)**	(64,326)
Promises to give	**(128,407)**	(350,280)
Prepaid expenses	**3,585**	(100,537)
(Decrease) increase in:		
Accounts payable and accrued expenses	**494,642**	14,939
Deferred revenue	**(88,524)**	102,343
Net cash provided by (used in) operating activities	**2,928,828**	(818,110)
Cash flows from investing activities:		
Purchase of investments	**(3,622,826)**	(350,442)
Proceeds from sales of investments	**1,878,443**	388,170
Purchase of property and equipment	**(134,111)**	(26,903)
Net cash (used in) provided by investing activities	**(1,878,494)**	10,825
Cash flows from financing activities:		
Proceeds from loan payable	**4,590**	19,445
Payments on loan payable	**(607,864)**	(9,000)
Net cash (used in) provided by financing activities	**(603,274)**	10,445
Net increase (decrease) in cash and cash equivalents	**447,060**	(796,840)
Cash and cash equivalents:		
Beginning	**1,947,569**	2,744,409
Ending	**$ 2,394,629**	$ 1,947,569
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 4,359**	$ 19,186

See notes to consolidated financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities: The Brady Campaign to Prevent Gun Violence and Affiliates is comprised of three entities: The Brady Campaign to Prevent Gun Violence (the Campaign), the Brady Center to Prevent Gun Violence (the Center) and the Brady Voter Education Fund (the Voter Education Fund) (collectively, Brady). Brady is a nonprofit organization incorporated on January 9, 1974, in Washington, D.C. The general purpose of Brady is to work for a reduction of gun violence in our society. During 2017, Brady changed its reporting year-end from December 31 to June 30.

The general purpose of The Brady Campaign and Center to Prevent Gun Violence is to work on campaigns that are changing gun laws, changing the gun industry and changing culture across America to help save lives and end gun violence. The Brady Campaign to Prevent Gun Violence is a tax exempt organization as defined in Sec. 501(c)(4) of the Internal Revenue Code (IRC). The Brady Center to Prevent Gun Violence is a tax exempt organization as defined in Sec. 501(c)(3) of the IRC.

The Brady Voter Education Fund is a separate segregated fund as defined by the IRC in Sec. 527(f)(3) and is exempt from federal income except on its earnings from investments. No income tax expense was recorded by the Brady Voter Education Fund for the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017.

Brady is affiliated with chapters located across the continental United States, which are formed when a group of local advocates desire to raise funds and conduct its mission in accordance with gun violence prevention programming. During the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017, Brady has entered into formal affiliation agreements with 57 of the chapters. The financial activities of those chapters are consolidated with Brady. Assets and revenues of those chapters totaled less than $93,000 and $20,000 for the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017, respectively.

A summary of Brady's significant accounting policies follows:

Basis of accounting: The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Principles of consolidation: The consolidated financial statements of Brady are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to nonprofit organizations and include the accounts of the Campaign, the Center and the Voter Education Fund. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of presentation: Brady follows the accounting and reporting practices set forth in the Not-For-Profit Topic of the Accounting Standards Codification (ASC) which includes Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As such, Brady is required to report information regarding its financial position and activities within two classes of net assets, as follows:

Net assets without donor restrictions: Undesignated net assets represent funds that are available for the support of Brady's operations and not subject to donor restrictions. The Board may designate unrestricted net assets at its discretion. At June 30, 2018 and 2017, the Board has designated net assets of $356,000 and $101,074, respectively, for management pre-approved projects and expenses.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets subject to donor imposed 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.

Cash and cash equivalents: Brady considers all highly liquid investments with maturities of three months or less to be cash and cash equivalents. Brady considers all cash and cash equivalents held in investment accounts to be investments.

Financial risk: Brady maintains its cash in bank deposits, which at times may exceed federally insured limits. Brady has not experienced any losses in such accounts. Brady believes it is not exposed to any significant financial risk on cash.

Brady invested in a professionally managed portfolio that contains various securities that are exposed to various risks, such as market, interest and credit. Due to the level of risk associated with such investments and the level of uncertainly related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Investments: Investments are reflected at fair value, which is based on quoted market rates. To adjust the carrying value of investments, the change in fair market value is charged or credited to current operations.

Receivables: Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At June 30, 2018 and 2017, management recorded an allowance for doubtful accounts of $4,738.

Promises to give: Unconditional promises to give are recognized as support in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management determines the allowance for doubtful promises to give by regularly evaluating individual promises to give and considering prior history of donors and proven collectability of past donations. Promises to give are written off when deemed uncollectible. Recoveries of promises to give previously written off are recorded when received.

Property and equipment: Brady capitalizes all property and equipment purchased with a cost of $1,000 or more. Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on the straight-line basis over the term of the related lease, as it is shorter than the useful lives of the improvements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Valuation of long-lived assets: Brady requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. Brady had no impairments of long-lived assets during the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017.

Deferred rent: Brady has a lease agreement for rental space in Washington, D.C. Rent expense is recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is reflected as deferred rent in the consolidated balance sheets. In addition, rent abatement was provided, as well as a landlord improvements allowance for leasehold improvements. These benefits are being recognized on a straight-line basis over the life of the lease agreement.

Support and revenue: All unconditional donor contributions are reported as an increase in net assets with or without donor restrictions, depending on the existence and/or nature of the donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor time and/or purpose restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

Brady receives contributions of services from businesses and other organizations toward the fulfillment of program objectives and general operations. Those services, which are objectively measureable, have been included in both revenue and the related functional expense categories and are recorded as contributions at the fair value at the date of donation.

Events are recognized as revenue in the period in which the events occur. Amounts received in advance are recorded as deferred revenue.

Functional allocation of expenses: The costs of providing the various programs and other activities of Brady have been summarized in the accompanying consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct costs associated with specific programs are recorded as program expenses. Fringe benefits are pooled and allocated based on salaries.

Advertising: Costs are expensed as incurred. Total advertising expenses for the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017, were $800,273 and $123,858, respectively.

Use of estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during a reporting period. Actual results could differ from those estimates.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income taxes: Brady is generally exempt from federal income taxes under Sections 501(c)(4), 501(c)(3) and 527(f)(3) of the U.S. IRC. In addition, the Brady Center to Prevent Gun Violence qualifies for charitable contributions deductions and has been classified as an organization that is not a private foundation. Business income, which is not related to the exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. Brady had no net unrelated business income for the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017.

Management evaluated Brady's tax position and concluded that Brady has taken no uncertain tax positions that require adjustment to the consolidated financial statements. Generally, Brady is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for the years before 2015.

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14 which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. Brady is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Brady is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where Brady is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018. Where Brady is a resource provider, the ASU is effective for annual periods beginning after December 15, 2019 and interim periods within annual periods beginning after December 15, 2020. Early adoption is permitted. Brady is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU results in the removal, modification and addition of certain disclosure requirements related to transfers between levels within the fair value hierarchy, valuation processes and unrealized gains/losses presentation for Level 3 measurements, and liquidation timing for investments held at net asset value. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied except for the changes related to Level 3 measurements which should be applied prospectively. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Brady is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

Subsequent events: Brady evaluated subsequent events through May 17, 2019, which is the date the consolidated financial statements were available to be issued.

Note 2. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheet date, comprise the following:

	2018	2017
Cash and cash equivalents	$ 2,394,629	$ 1,947,569
Accounts receivable, net	111,481	69,918
Promises to give, net	643,554	513,937
Investments	2,907,637	562,212
Total financial assets available	6,057,301	3,093,636
Promises to give scheduled to be collected in more than one year	(25,000)	(50,000)
Amounts designated by the Board	(356,000)	(101,074)
Donor-imposed restrictions for specific purposes	(1,292,626)	(1,534,176)
Financial assets available to meet cash needs for general expenditures within one year	$ 4,383,675	$ 1,408,386

The board-designated reserve is not subject to an annual spending rate. Although Brady does not intend to spend from this board-designated reserve (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available through board approval if necessary. The majority of the donor-imposed restrictions for specific purposes in 2017 was related to The Pete Shields Fund, which was appropriated for general expenditures with an affirmative vote of over 75% of Brady's Board of Directors in February 2018. Perpetual donor-imposed restrictions that total $130,500 and $130,250 at June 30, 2018 and 2017, respectively, are included in investments on the consolidated balance sheets, and are not available for general expenditure.

As part of liquidity management, Brady invests cash in excess of daily requirements in short-term investments. Brady receives the majority of its cash contributions and event revenue during November and December, which results in additional liquidity management challenges for the remainder of the fiscal year. Brady elected to change its year-end to a fiscal year in 2017 to assist in monitoring cash expenditures compared to its pre-approved budgeted, among other reasons. Brady assesses its operating budget and cash flow projections monthly to monitor the availability of resources to support operations.

Note 2. Liquidity and Availability of Financial Assets (Continued)

In prior years, Brady has also utilized a margin loan from its investment portfolio to cover cash shortfalls. In October 2017, the broker sold securities to repay the outstanding balance, which has no impact on the financial assets available to meet cash needs for general expenditures within one year. However, it does eliminate the availability of the margin loan in the future for cash shortfalls.

Note 3. Promises to Give

Promises to give at their net present value, based on discount rates of 3.5%, consist of the following at June 30, 2018 and 2017:

	2018	2017
Due in less than one year	$ 620,425	$ 469,719
Due in one to five years	25,000	50,000
	645,425	519,719
Less allowance for doubtful accounts	1,025	3,275
Less present value discount	846	2,507
	$ 643,554	$ 513,937

Note 4. Investments

Investments at June 30, 2018 and 2017, consist of the following:

	2018	2017
Money market funds	$ 2,632,874	$ -
Cash and cash equivalents	274,763	-
Certificates of deposit	-	205,056
Government bonds	-	960,430
	$ 2,907,637	$ 1,165,486

Investment income for the year ended June 30, 2018, and the period January 1, 2016 through June 30, 2017, consist of the following:

	2018	2017
Interest and dividends	$ 13,804	$ 10,031
Unrealized and realized (loss) gain on investments	(2,232)	5,553
	$ 11,572	$ 15,584

Note 5. Fair Value Measurements

The Fair Value Measurement Topic of the FASB ASC defines fair values as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, Brady performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by Brady at June 30, 2018 and 2017. Brady recognizes transfers between levels at the end of each year for both transfers in and out of level classification.

There were no liabilities incurred by Brady subject to fair value measurement at June 30, 2018 and 2017.

There were no assets subject to fair value measurement at June 30, 2018.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy at June 30, 2017:

	Level 1	Level 2	Level 3	Total
Fixed income funds:				
Certificates of deposit	$ -	$ 205,056	$ -	$ 205,056
Government bonds	-	960,430	-	960,430
	$ -	$ 1,165,486	$ -	$ 1,165,486

Brady’s government bonds and certificates of deposit are priced based on their stated interest rates and quality ratings, which are observable at commonly quoted intervals for the full term of the instruments and are therefore considered Level 2 items.

Note 6. Property and Equipment

Property and equipment and accumulated depreciation at June 30, 2018 and 2017, and depreciation expense for the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017, are as follows:

		2018			
Asset Category	Estimated Useful Lives (in Years)	Cost	Accumulated Depreciation	Net	Depreciation and Amortization
Furniture and fixtures	5-7	$ 434,842	$ 313,197	$ 121,645	$ 69,118
Leasehold improvements	12	860,751	319,064	541,687	71,729
Website	3	549,248	392,319	156,929	84,909
		$ 1,844,841	$ 1,024,580	$ 820,261	$ 225,756

		2017			
Asset Category	Estimated Useful Lives (in Years)	Cost	Accumulated Depreciation	Net	Depreciation and Amortization
Furniture and fixtures	5-7	$ 430,730	$ 244,080	$ 186,650	$ 102,118
Leasehold improvements	12	860,751	247,335	613,416	107,594
Website	3	419,248	307,408	111,840	194,784
		$ 1,710,729	$ 798,823	$ 911,906	$ 404,496

Note 7. Loan Payable

During the year ended December 31, 2015, Brady entered into a margin loan arrangement with its investment brokerage firm. The loan was collateralized by Brady's investment portfolio held by Goldman Sachs in the amount of $960,430 at June 30, 2017. Draws could be made at any time and were limited to the market value of the securities adjusted by broker's maintenance margins. If the equity in Brady's investment account fell below the maintenance margins, the broker reserved the right to sell securities in the account to cover the deficiency.

The interest rate on the loan varied based on the daily London Interbank Offered Rate (LIBOR) plus 100 basis points (2.173% at June 30, 2017). In October 2017, the broker sold securities to repay the outstanding balance. Interest expense totaled $4,359 and $19,186 for the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017, respectively. At June 30, 2018, there was no loan payable balance. At June 30, 2017, the loan payable balance was $603,274.

Note 8. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2018, are as follows:

	Balance June 30, 2017	Additions	Transferred	Released	Balance June 30, 2018
Purpose restricted:					
Pete Shields	$ 1,047,766	$ 4,051	$ -	$ (1,051,817)	$ -
ASK Campaign	74,930	-	775,000	(349,930)	500,000
Bad Apple Gun Dealers	-	-	150,000	(122,712)	27,288
Bad Apple Gun Dealers (Oakland)	-	100,000	-	(66,667)	33,333
Matthew Blek	-	232	-	(232)	-
California Fund	6,230	-	-	(150)	6,080
	1,128,926	104,283	925,000	(1,591,508)	566,701
Time restricted	513,937	1,247,087	(925,000)	(192,470)	643,554
Perpetual	130,250	359	-	(109)	130,500
	$ 1,773,113	$ 1,351,729	$ -	$ (1,784,087)	$ 1,340,755

Changes in net assets with donor restrictions for the period January 1, 2016 through June 30, 2017, are as follows:

	Balance January 1, 2016	Additions	Transferred	Released	Balance June 30, 2017
Purpose restricted:					
Pete Shields	$ 1,047,766	$ 14,553	$ -	$ (14,553)	$ 1,047,766
ASK Campaign	-	-	275,000	(200,070)	74,930
Public Health	-	15,000	-	(15,000)	-
Matthew Blek	-	449	-	(449)	-
California Fund	6,480	4,300	-	(4,550)	6,230
	1,054,246	34,302	275,000	(234,622)	1,128,926
Time restricted	167,533	746,404	(275,000)	(125,000)	513,937
Perpetual	130,250	-	-	-	130,250
	$ 1,352,029	$ 780,706	$ -	$ (359,622)	$ 1,773,113

The Pete Shields Fund was established during 1992. Monies contributed to this fund are purpose restricted and considered a term endowment. Related income from this fund is to be used for the purpose of reducing handgun violence. The balance in the Pete Shields Fund was $1,047,766 at June 30, 2017. The purpose of the fund is to provide a reserve for use during possible low income periods. No portion of this fund shall be appropriated for expenditure without an affirmative vote of over 75% of Brady's Board of Directors. In February 2018, this majority vote was obtained and the balance was released from restriction.

Transfers represent cash receipts from outstanding pledge balances.

Note 9. Endowments

The endowment consists of two separate contributions. The Caswell J. Caplan Charitable Income Trust donated $30,000 during 1990 and 1991. Related income shall be used for the purpose of reducing handgun violence. The Matthew Blek Endowment Fund was established during 2006. Monies contributed to this fund are perpetual in nature. Related income from this fund is to be used for grassroots activists to attend Brady Center training and presentations.

The donor-restricted endowment funds are invested in certificates of deposit and fixed income funds pursuant to Brady's investment and spending objectives of subjecting the fund to low investment risk and providing its programs and operations with current income.

In accordance with The Uniform Prudent Management of Institutional Funds Act (UPMIFA), Brady considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of Brady and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Brady
- The investment policies of Brady

Brady has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain purchasing power of the endowment assets. There is no formalized spending policy.

All earnings for the endowment are reflected as net assets that are purpose restricted until appropriated for expenditure by Brady.

The changes in the endowment net assets for the year ended June 30, 2018, are as follows:

	Purpose Restriction	Perpetual in Nature	Total
Endowment net assets, beginning of year	$ 1,047,766	$ 130,250	$ 1,178,016
Contributions	-	250	250
Investment income	4,051	109	4,160
Amounts appropriated for expenditure	(1,051,817)	(109)	(1,051,926)
Endowment net assets, end of year	$ -	$ 130,500	$ 130,500

The changes in the endowment net assets for the period January 1, 2016 through June 30, 2017, are as follows:

	Purpose Restriction	Perpetual in Nature	Total
Endowment net assets, beginning of period	$ 1,047,766	$ 130,250	$ 1,178,016
Investment income	15,001	-	15,001
Amounts appropriated for expenditure	(15,001)	-	(15,001)
Endowment net assets, end of period	$ 1,047,766	$ 130,250	$ 1,178,016

Note 10. Leases

Brady has a lease agreement for headquarters office space in Washington, D.C. The 12 year lease commenced on January 1, 2014, and includes a provision for annual rent increases and adjustments for a share in operating costs.

As part of the lease agreement, the landlord provided a 12-month rent abatement for year one of the lease. In addition to the rent abatement, the landlord also agreed to a build out allowance totaling $1,062,240 provided that at least 75% of the build-out allowance is used towards hard costs of constructing physical improvements to the space. A letter of credit in the amount of $102,711 was also established pursuant to the lease. There was no balance outstanding on the letter of credit at June 30, 2018 and 2017.

Commencing on September 1, 2013, Brady entered into a two-year lease for New York office space, and on January 21, 2015, the lease was extended through August 31, 2018, with monthly payments of $7,043. In April 2016, Brady entered into a sublease agreement for the New York space which expired August 31, 2018, with monthly payments totaling $6,290 with a 2.75% escalation clause.

Rent expense for the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017, was $651,965 and $975,596, respectively.

Future minimum rental payments, net of sublease payments, under the agreements are as follows:

	Washington, D.C.	New York	New York Sublease	Total
Years ending June 30:				
2019	$ 693,397	$ 14,943	$ (12,927)	$ 695,413
2020	715,463	-	-	715,463
2021	733,355	-	-	733,355
2022	751,710	-	-	751,710
2023	770,529	-	-	770,529
Thereafter	2,009,155	-	-	2,009,155
	$ 5,673,609	$ 14,943	$ (12,927)	$ 5,675,625

During the year ended June 30, 2017, because of strategic planning, Brady vacated leased office space located in New York. The lease for the New York office was not terminated, and Brady is still obligated to pay rent through the end of the lease term, which is through August 31, 2018. Brady subleased the New York office space as disclosed above; however, the rental receipts to be collected from the subtenant do not fully cover the rental payments Brady is required to pay.

In accordance with ASC Topic 840-10, Leases, Brady recorded the entire loss (primary obligation less sublease payments), net of present value discount, on the original sublease of $53,565. The liability on the consolidated balance sheets is comprised of the loss as well as the balance of the deferred rent liability at the time the loss was recorded. The remaining balances net of the discount were $2,013 and $13,557 at June 30, 2018 and 2017, respectively, and included in accounts payable and accrued expenses on the consolidated balance sheets.

The liability will be reduced over the life of the lease as the payments are made to the landlord and are received from the subtenant and as the present value discount is amortized. The cash flow and working capital impact for Brady will be spread over the remaining lease terms as payments are made and received.

Note 11. Allocation of Joint Costs

During the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017, Brady incurred joint costs of $1,521,524 and $2,119,396, respectively, for informational materials and activities that included fund raising appeals. These costs were allocated as follows:

	2018	2017
Public education	$ 915,628	$ 1,278,831
Fundraising	605,896	840,565
	$ 1,521,524	$ 2,119,396

Note 12. Retirement Plans

403(b) plan: Brady has a 403(b) pension plan (the Pension Plan) option for all eligible employees who have met the one year service requirement and have attained the age of 21 years. Employees can make voluntary contributions not to exceed the maximum allowable by the Internal Revenue Service regulations. Brady has the option to match the employees' contribution, and may also make an additional discretionary employer contribution. There were employer contributions totaling $2,191 and $11,011 during the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017.

401(k) plan: Brady has a 401(k) profit sharing plan (the PSP) covering all employees with the exception of interns and contract employees. Employees may participate in the PSP after completing one full year and 1,000 hours of service and the employee must be 21 years of age. The PSP provides for discretionary profit sharing and matching contributions up to 2% of compensation. PSP participants vest, for purposes of employer contributions, after five years of service. There were no employer contributions made to the PSP for the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017. Subsequent to year end, Brady terminated the PSP.

Note 13. Subsequent Event

The End Family Fire program started in August 2018, which is resulted in donated media services of $7,134,000 through December 2018.

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
The Brady Campaign to Prevent Gun Violence

We have audited the consolidated financial statements of The Brady Campaign to Prevent Gun Violence and Affiliates as of June 30, 2018 and 2017, and for the year ended June 30, 2018 and the period January 1, 2016 through June 30, 2017, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See page 1.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and the consolidating statement of activities are presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Washington, D.C.
May 17, 2019

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidating Balance Sheet
June 30, 2018

	The Brady Campaign to Prevent Gun Violence	The Brady Center to Prevent Gun Violence	The Brady Voter Education Fund	Eliminating Entries	Total
Assets					
Cash and cash equivalents	$ 659,011	$ 1,728,999	$ 6,619	$ -	$ 2,394,629
Accounts receivable, net	91,242	19,417	822	-	111,481
Promises to give, net	-	643,554	-	-	643,554
Prepaid expenses	143,071	86,077	-	-	229,148
Due from related party	3,250	1,259,091	-	(1,262,341)	-
Investments	412,704	2,494,933	-	-	2,907,637
Property and equipment, net	641,824	178,437	-	-	820,261
Total assets	$ 1,951,102	$ 6,410,508	$ 7,441	$ (1,262,341)	$ 7,106,710
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 457,979	$ 552,492	$ -	$ -	$ 1,010,471
Due to related party	1,259,091	-	3,250	(1,262,341)	-
Deferred revenue	-	22,451	-	-	22,451
Deferred rent	1,439,646	-	-	-	1,439,646
Loan payable	-	-	-	-	-
Total liabilities	3,156,716	574,943	3,250	(1,262,341)	2,472,568
Net assets (deficit):					
Without donor restrictions:					
Undesignated	(1,211,694)	4,144,890	4,191	-	2,937,387
Designated by the Board	-	356,000	-	-	356,000
	(1,211,694)	4,500,890	4,191	-	3,293,387
With donor restrictions:					
Time and purpose restrictions	6,080	1,204,175	-	-	1,210,255
Perpetual in nature	-	130,500	-	-	130,500
	6,080	1,334,675	-	-	1,340,755
Total net assets (deficit)	(1,205,614)	5,835,565	4,191	-	4,634,142
Total liabilities and net assets	$ 1,951,102	$ 6,410,508	$ 7,441	$ (1,262,341)	$ 7,106,710

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidating Statement of Activities
For the Year Ended June 30, 2018

	The Brady Campaign to Prevent Gun Violence	The Brady Center to Prevent Gun Violence	The Brady Voter Education Fund	Eliminating Entries	Consolidated Total
Support and revenue:					
Contributions	$ 3,352,613	$ 8,932,345	$ 6,265	$ -	$ 12,291,223
Donated services	-	8,783,380	-	-	8,783,380
Events	-	612,358	-	-	612,358
Investment income	3,773	7,799	-	-	11,572
Other	35,128	282,112	-	(47,073)	270,167
Total support and revenue	3,391,514	18,617,994	6,265	(47,073)	21,968,700
Expenses:					
Program services:					
Public education	1,246,643	1,904,771	-	-	3,151,414
Legal action	279,712	9,626,072	-	-	9,905,784
Legislation	705,992	497,835	-	-	1,203,827
Total program services	2,232,347	12,028,678	-	-	14,261,025
Supporting services:					
Fundraising	1,412,449	1,535,778	-	-	2,948,227
Management and general	524,028	1,712,554	290	(47,073)	2,189,799
Total supporting services	1,936,477	3,248,332	290	(47,073)	5,138,026
Total expenses	4,168,824	15,277,010	290	(47,073)	19,399,051
Change in net assets	(777,310)	3,340,984	5,975	-	2,569,649
Net assets:					
Beginning	(428,304)	2,494,581	(1,784)	-	2,064,493
Ending	$ (1,205,614)	$ 5,835,565	$ 4,191	$ -	$ 4,634,142