

# **The Brady Campaign to Prevent Gun Violence and Affiliates**

Consolidated Financial Report  
June 30, 2019

## Contents

---

Independent auditor's report	1
<hr/>	
Financial statements	
Consolidated balance sheets	2
Consolidated statements of activities	3
Consolidated statements of functional expenses	4-5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7-17
<hr/>	
Independent auditor's report on the supplementary information	18
<hr/>	
Supplementary information	
Consolidating balance sheet	19
Consolidating statement of activities	20

---



## Independent Auditor's Report

RSM US LLP

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, 2019 and 2018, the related consolidated statements of activities, functional expenses and cash flows for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*RSM US LLP*

Washington, D.C.  
March 26, 2020

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Balance Sheets  
June 30, 2019 and 2018

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 1,323,121	\$ 2,394,629
Accounts receivable, net	210,374	111,481
Promises to give, net	1,147,866	643,554
Prepaid expenses	208,873	229,148
Investments	2,172,036	2,907,637
Property and equipment, net	837,575	820,261
	<u>5,899,845</u>	<u>7,106,710</u>
<b>Total assets</b>	<b>\$ 5,899,845</b>	<b>\$ 7,106,710</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 701,237	\$ 1,010,471
Deferred revenue	164,508	22,451
Deferred rent	1,310,777	1,439,646
<b>Total liabilities</b>	<u>2,176,522</u>	<u>2,472,568</u>
Commitments (Note 10)		
Net assets:		
Without donor restrictions:		
Undesignated	1,913,400	2,937,387
Designated by the Board	356,000	356,000
	<u>2,269,400</u>	<u>3,293,387</u>
With donor restrictions:		
Time and purpose restrictions	1,323,091	1,210,255
Perpetual in nature	130,832	130,500
	<u>1,453,923</u>	<u>1,340,755</u>
<b>Total net assets</b>	<u>3,723,323</u>	<u>4,634,142</u>
<b>Total liabilities and net assets</b>	<u>\$ 5,899,845</u>	<u>\$ 7,106,710</u>

See notes to consolidated financial statements.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Consolidated Statements of Activities Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 8,615,330	\$ 1,366,569	\$ 9,981,899	\$ 10,943,545	\$ 1,347,678	\$ 12,291,223
Donated services	25,684,570	-	25,684,570	8,783,380	-	8,783,380
Events	840,008	-	840,008	612,358	-	612,358
Investment income	17,314	84	17,398	7,521	4,051	11,572
Other	130,809	-	130,809	270,167	-	270,167
Net assets released from restriction	1,253,485	(1,253,485)	-	1,784,087	(1,784,087)	-
<b>Total support and revenue</b>	<b>36,541,516</b>	<b>113,168</b>	<b>36,654,684</b>	<b>22,401,058</b>	<b>(432,358)</b>	<b>21,968,700</b>
Expenses:						
Program services:						
Public education	23,124,253	-	23,124,253	3,151,414	-	3,151,414
Legal action	8,136,619	-	8,136,619	9,905,784	-	9,905,784
Legislation	1,818,052	-	1,818,052	1,214,587	-	1,203,827
<b>Total program services</b>	<b>33,078,924</b>	<b>-</b>	<b>33,078,924</b>	<b>14,271,785</b>	<b>-</b>	<b>14,261,025</b>
Supporting services:						
Fundraising	3,184,271	-	3,184,271	2,937,467	-	2,948,227
Management and general	1,302,308	-	1,302,308	2,189,799	-	2,189,799
<b>Total supporting services</b>	<b>4,486,579</b>	<b>-</b>	<b>4,486,579</b>	<b>5,127,266</b>	<b>-</b>	<b>5,138,026</b>
<b>Total expenses</b>	<b>37,565,503</b>	<b>-</b>	<b>37,565,503</b>	<b>19,399,051</b>	<b>-</b>	<b>19,399,051</b>
<b>Change in net assets</b>	<b>(1,023,987)</b>	<b>113,168</b>	<b>(910,819)</b>	<b>3,002,007</b>	<b>(432,358)</b>	<b>2,569,649</b>
Net assets:						
Beginning	3,293,387	1,340,755	4,634,142	291,380	1,773,113	2,064,493
Ending	\$ 2,269,400	\$ 1,453,923	\$ 3,723,323	\$ 3,293,387	\$ 1,340,755	\$ 4,634,142

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, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

	Program Services			Total Program	Supporting Services		2019 Total	2018 Total
	Public Education	Legal Action	Legislation		Fund Raising	Management and General		
Donated services	\$ 18,883,229	\$ 6,782,225	\$ -	\$ 25,665,454	\$ 19,116	\$ -	\$ 25,684,570	\$ 8,784,298
Salaries and benefits	1,662,255	982,784	814,170	3,459,209	785,949	157,322	4,402,480	3,630,474
Professional fees	441,942	83,964	266,719	792,625	568,612	560,871	1,922,108	2,056,606
Advertising	862,478	-	85,802	948,280	453,937	14,680	1,416,897	800,273
Printing and publications	483,024	-	37,017	520,041	327,686	24,321	872,048	1,229,188
Occupancy	157,592	165,937	158,509	482,038	55,449	55,449	592,936	651,965
Technology	63,544	3,534	41,675	108,753	315,409	124,023	548,185	443,824
Postage and shipping	295,809	21	5,074	300,904	203,673	7,078	511,655	499,308
Travel	60,764	23,033	143,236	227,033	76,434	45,383	348,850	327,991
Meetings and conferences	15,081	5,660	81,533	102,274	179,183	24,942	306,399	205,266
Depreciation and amortization	105,353	40,016	40,016	185,385	14,080	14,078	213,543	225,756
Licenses and fees	413	2,670	922	4,005	54,239	149,578	207,822	198,331
Insurance	27,554	31,008	27,554	86,116	9,695	9,696	105,507	93,256
Contributions	-	-	99,400	99,400	2,500	-	101,900	50,000
Subscriptions and dues	61,155	13,573	6,717	81,445	7,984	7,149	96,578	81,763
List rental	-	-	-	-	87,691	-	87,691	-
Equipment repairs	2,201	1,289	373	3,863	14,482	49,540	67,885	56,016
Supplies	1,496	905	9,335	11,736	7,540	44,610	63,886	43,299
Taxes	-	-	-	-	-	12,972	12,972	15,313
Bad debts	-	-	-	-	-	-	-	451
Other	363	-	-	363	612	616	1,591	5,673
<b>Total expenses</b>	<b>\$ 23,124,253</b>	<b>\$ 8,136,619</b>	<b>\$ 1,818,052</b>	<b>\$ 33,078,924</b>	<b>\$ 3,184,271</b>	<b>\$ 1,302,308</b>	<b>\$ 37,565,503</b>	<b>\$ 19,399,051</b>

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			Total
	Public Education	Legal Action	Legislation	Total Program	Fund Raising	Management and General	
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	47,626	1,123,438	599,283	333,885	2,056,606
Printing and publications	693,442	136	20,952	714,530	489,314	25,344	1,229,188
Advertising	552,805	-	14,469	567,274	221,316	11,683	800,273
Occupancy	166,489	167,243	171,072	504,804	58,580	88,581	651,965
Postage and shipping	303,006	599	16,859	320,464	177,974	870	499,308
Technology	62,959	10,873	30,966	104,798	272,883	66,143	443,824
Travel	92,275	24,480	80,034	196,789	67,817	63,385	327,991
Depreciation and amortization	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
Licenses and fees	-	2,452	1,372	3,824	29,831	164,676	198,331
Insurance	24,408	27,265	24,408	76,081	8,588	8,587	93,256
Subscriptions and dues	381	18,827	9,885	29,093	10,511	42,159	81,763
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
<b>Total expenses</b>	<b>\$ 3,151,414</b>	<b>\$ 9,905,784</b>	<b>\$ 1,214,587</b>	<b>\$ 14,271,785</b>	<b>\$ 2,937,467</b>	<b>\$ 2,189,799</b>	<b>\$ 19,399,051</b>

See notes to consolidated financial statements.

**The Brady Campaign to Prevent Gun Violence and Affiliates**

**Consolidated Statements of Cash Flows  
Years Ended June 30, 2019 and 2018**

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (910,819)	\$ 2,569,649
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	213,543	225,756
Unrealized and realized loss on investments	2,028	2,232
Increase (decrease) in discount on promises to give	32,063	(1,661)
Loss on disposal of property and equipment	2,312	-
Bad debt expense	-	451
Deferred rent	(128,869)	(107,332)
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(98,893)	(41,563)
Promises to give	(536,375)	(128,407)
Prepaid expenses	20,275	3,585
(Decrease) increase in:		
Accounts payable and accrued expenses	(309,234)	494,642
Deferred revenue	142,057	(88,524)
<b>Net cash (used in) provided by operating activities</b>	<b>(1,571,912)</b>	<b>2,928,828</b>
Cash flows from investing activities:		
Purchase of investments	(225,240)	(3,622,826)
Proceeds from sales of investments	958,813	1,878,443
Purchase of property and equipment	(233,169)	(134,111)
<b>Net cash provided by (used in) investing activities</b>	<b>500,404</b>	<b>(1,878,494)</b>
Cash flows from financing activities:		
Proceeds from loan payable	-	4,590
Payments on loan payable	-	(607,864)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(603,274)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(1,071,508)</b>	<b>447,060</b>
Cash and cash equivalents:		
Beginning	2,394,629	1,947,569
Ending	\$ 1,323,121	\$ 2,394,629
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ -	\$ 4,359

See notes to consolidated financial statements.



## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 1. Nature of Activities and 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.

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 years ended June 30, 2019 and 2018.

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 years ended June 30, 2019 and 2018, Brady has entered into formal affiliation agreements with 42 of the chapters. The financial activities of those chapters are consolidated with Brady. Assets and revenues of those chapters totaled approximately \$94,000 and \$93,000 for the years ended June 30, 2019 and 2018, 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 net assets without donor restrictions at its discretion. At June 30, 2019 and 2018, the Board has designated net assets of \$356,000, for management pre-approved projects and expenses.

**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.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

---

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

**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's investments 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 uncertainty 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 activities.

**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, 2019 and 2018, management recorded an allowance for doubtful accounts of \$1,025.

**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.

**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 years ended June 30, 2019 and 2018.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

---

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

**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 measurable, 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. Direct expenses are coded to the function to which they relate. Certain costs have been allocated among the programs and supporting services benefited. Salary and benefit expenses are allocated based on level of efforts. Occupancy, depreciation and insurance expenses are allocated based on salary. Printing, postage, and other mailing expenses are allocated based on a joint cost analysis (see Note 11).

**Advertising:** Costs are expensed as incurred. Total advertising expenses for the years ended June 30, 2019 and 2018, were \$1,416,897 and \$800,273, 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.

**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 years ended June 30, 2019 and 2018.

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 2016.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

---

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

**Reclassifications:** Certain items in the June 30, 2018 consolidated statement of functional expenses have been reclassified to conform to the June 30, 2019, consolidated financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

**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, 2020, 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 consolidated 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.

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 March 26, 2020, which is the date the consolidated financial statements were available to be issued.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

---

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

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. While it is unknown how long these conditions will last and what the complete financial effect will be to the organization, to date, Brady is not experiencing declining revenue; labor shortages; or significant changes in the fair value of assets, but could experience these going forward depending on the impacts to its donors, grantors, employees, and investments.

#### 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:

	2019	2018
Cash and cash equivalents	\$ 1,323,121	\$ 2,394,629
Accounts receivable, net	210,374	111,481
Promises to give, net	1,147,866	643,554
Investments	2,172,036	2,907,637
Total financial assets available	4,853,397	6,057,301
Promises to give scheduled to be collected in more than one year	(474,066)	(23,129)
Amounts designated by the Board	(356,000)	(356,000)
Donor-imposed restrictions for specific purposes	(306,057)	(1,292,626)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,717,274</u>	<u>\$ 4,385,546</u>

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. Perpetual donor-imposed restrictions that total \$130,832 and \$130,500 at June 30, 2019 and 2018, 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 assesses its operating budget and cash flow projections monthly to monitor the availability of resources to support operations.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 3. Promises to Give

Promises to give at their net present value, based on a discount rate of 4.64%, consist of the following at June 30, 2019 and 2018:

	2019	2018
Due in less than one year	\$ 673,800	\$ 620,425
Due in one to five years	508,000	25,000
	<u>1,181,800</u>	<u>645,425</u>
Less allowance for doubtful accounts	1,025	1,025
Less present value discount	32,909	846
	<u>\$ 1,147,866</u>	<u>\$ 643,554</u>

During the year ended June 30, 2019, Board members contributed \$805,000, of which \$635,000 was outstanding at June 30, 2019. There were no similar amounts received during the year ended June 30, 2018 and outstanding as of June 30, 2018.

#### Note 4. Investments

Investments at June 30, 2019 and 2018, consist of the following:

	2019	2018
Money market funds	\$ 1,950,593	\$ 2,632,874
Cash and cash equivalents	221,443	274,763
	<u>\$ 2,172,036</u>	<u>\$ 2,907,637</u>

Investment income for the years ended June 30, 2019 and 2018, consist of the following:

	2019	2018
Interest and dividends	\$ 19,426	\$ 13,804
Unrealized and realized loss on investments	(2,028)	(2,232)
	<u>\$ 17,398</u>	<u>\$ 11,572</u>

#### 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.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

#### Note 5. Fair Value Measurements (Continued)

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. Brady recognizes transfers between levels at the end of each year for both transfers in and out of level classification.

There were no assets subject to fair value measurement at June 30, 2019 and 2018. The fair value of investments approximates cost. There were no liabilities incurred by Brady subject to fair value measurement at June 30, 2019 and 2018.

#### Note 6. Property and Equipment

Property and equipment and accumulated depreciation at June 30, 2019 and 2018, and depreciation and amortization expense for the years ended June 30, 2019 and 2018, are as follows:

Asset Category	Estimated Useful Lives (in Years)	2019			
		Cost	Accumulated Depreciation	Net	Depreciation and Amortization
Furniture and fixtures	5-7	\$ 468,505	\$ 370,232	\$ 98,273	\$ 57,034
Leasehold improvements	12	860,751	390,794	469,957	71,729
Website	3	746,442	477,097	269,345	84,780
		<u>\$ 2,075,698</u>	<u>\$ 1,238,123</u>	<u>\$ 837,575</u>	<u>\$ 213,543</u>

  

Asset Category	Estimated Useful Lives (in Years)	2018			
		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
		<u>\$ 1,844,841</u>	<u>\$ 1,024,580</u>	<u>\$ 820,261</u>	<u>\$ 225,756</u>

#### 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. During 2018, Brady paid off this loan when accounts at Goldman Sachs were closed. At June 30, 2019 and 2018, there was no loan payable balance.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

#### Note 8. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2019, are as follows:

	Balance June 30, 2018	Additions	Transferred	Released	Balance June 30, 2019
Purpose restricted:					
Pels Foundation	\$ 500,000	\$ -	\$ 500,000	\$ (1,000,000)	\$ -
Bad Apple Gun Dealers	27,288	-	95,425	(24,044)	98,669
Bad Apple Gun Dealers (Oakland)	33,333	120,000	-	(115,000)	38,333
Goldhirsch	-	-	100,000	(67,807)	32,193
California Fund	6,080	-	-	(50)	6,030
	566,701	120,000	695,425	(1,206,901)	175,225
Time restricted	643,554	1,246,237	(695,425)	(46,500)	1,147,866
Perpetual and related earnings	130,500	416	-	(84)	130,832
	<u>\$ 1,340,755</u>	<u>\$ 1,366,653</u>	<u>\$ -</u>	<u>\$ (1,253,485)</u>	<u>\$ 1,453,923</u>

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)	\$ -
Pels Foundation	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
California Fund	6,230	-	-	(150)	6,080
	1,128,926	104,051	925,000	(1,591,276)	566,701
Time restricted	513,937	1,247,087	(925,000)	(192,470)	643,554
Perpetual and related earnings	130,250	591	-	(341)	130,500
	<u>\$ 1,773,113</u>	<u>\$ 1,351,729</u>	<u>\$ -</u>	<u>\$ (1,784,087)</u>	<u>\$ 1,340,755</u>

The Pete Shields Fund was established during 1992. Monies contributed to this fund are purpose restricted and are 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 has been appropriated for expenditure without an affirmative vote of over 75% of Brady's Board of Directors. In February 2018, the 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 Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

---

#### Note 9. Endowments (Continued)

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. Management is working to establish a 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, 2019, are as follows:

	Purpose Restriction	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ -	\$ 130,500	\$ 130,500
Contributions	-	332	332
Investment income	84	-	84
Amounts appropriated for expenditure	(84)	-	(84)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 130,832</u>	<u>\$ 130,832</u>

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	4,160	-	4,160
Amounts appropriated for expenditure	(1,051,926)	-	(1,051,926)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 130,500</u>	<u>\$ 130,500</u>

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

---

#### 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, 2019 and 2018.

Subsequent to year-end during September 2019, the lease agreement for the headquarters office space was modified to extend the original lease term through November 30, 2030, and include 3,196 square feet of expansion space which commences April 1, 2020 and requires monthly rent of \$13,583, subject to annual escalation. There are also provisions for a total of 13-month rent abatement for the original and expansion space, as well as a build out allowance totaling \$587,005 for hard and soft costs.

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. The lease and sublease were not renewed during the year ended June 30, 2019.

Rent expense for the years ended June 30, 2019 and 2018, was \$592,936 and \$651,965, respectively.

Future minimum rental payments under the lease agreement are as follows:

Years ending June 30:

2020	\$	419,557
2021		815,871
2022		919,825
2023		942,847
2024		966,439
Thereafter		6,801,057
		<u>\$ 10,865,596</u>

#### Note 11. Allocation of Joint Costs

During the years ended June 30, 2019 and 2018, Brady incurred joint costs of \$1,438,560 and \$1,521,524, respectively, for informational materials and activities that included fund raising appeals. These costs were allocated as follows:

	2019	2018
Public education	\$ 868,673	\$ 915,628
Fundraising	569,887	605,896
	<u>\$ 1,438,560</u>	<u>\$ 1,521,524</u>

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

---

#### 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 \$43,300 and \$2,191 during the years ended June 30, 2019 and 2018, respectively.

**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 5 years of service. There were no employer contributions made to the PSP for the years ended June 30, 2019 and 2018. Subsequent to year-end, Brady terminated the PSP.

## Independent Auditor's Report on the Supplementary Information

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, 2019 and 2018, and for the years ended June 30, 2019 and 2018, 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.  
March 26, 2020

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Consolidating Balance Sheet June 30, 2019

	The Brady Campaign to Prevent Gun Violence	The Brady Center to Prevent Gun Violence	The Brady Voter Education Fund	Eliminating Entries	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 486,047	\$ 830,448	\$ 6,626	\$ -	\$ 1,323,121
Accounts receivable, net	87,420	122,132	822	-	210,374
Promises to give, net	-	1,147,866	-	-	1,147,866
Prepaid expenses	148,638	60,235	-	-	208,873
Due from related party	-	2,321,332	-	(2,321,332)	-
Investments	409,432	1,762,604	-	-	2,172,036
Property and equipment, net	704,378	133,197	-	-	837,575
<b>Total assets</b>	<b>\$ 1,835,915</b>	<b>\$ 6,377,814</b>	<b>\$ 7,448</b>	<b>\$ (2,321,332)</b>	<b>\$ 5,899,845</b>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 178,135	\$ 523,102	\$ -	\$ -	\$ 701,237
Due to related party	2,318,082	-	3,250	(2,321,332)	-
Deferred revenue	-	164,508	-	-	164,508
Deferred rent	1,310,777	-	-	-	1,310,777
<b>Total liabilities</b>	<b>3,806,994</b>	<b>687,610</b>	<b>3,250</b>	<b>(2,321,332)</b>	<b>2,176,522</b>
Net (deficit) assets:					
Without donor restrictions:					
Undesignated	(1,977,109)	3,886,311	4,198	-	1,913,400
Designated by the Board	-	356,000	-	-	356,000
	<b>(1,977,109)</b>	<b>4,242,311</b>	<b>4,198</b>	<b>-</b>	<b>2,269,400</b>
With donor restrictions:					
Time and purpose restrictions	6,030	1,317,061	-	-	1,323,091
Perpetual in nature	-	130,832	-	-	130,832
	<b>6,030</b>	<b>1,447,893</b>	<b>-</b>	<b>-</b>	<b>1,453,923</b>
<b>Total net (deficit) assets</b>	<b>(1,971,079)</b>	<b>5,690,204</b>	<b>4,198</b>	<b>-</b>	<b>3,723,323</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,835,915</b>	<b>\$ 6,377,814</b>	<b>\$ 7,448</b>	<b>\$ (2,321,332)</b>	<b>\$ 5,899,845</b>

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Consolidating Statement of Activities Year Ended June 30, 2019

	The Brady Campaign to Prevent Gun Violence	The Brady Center to Prevent Gun Violence	The Brady Voter Education Fund	Eliminating Entries	Consolidated Total
<b>Support and revenue:</b>					
Contributions	\$ 2,830,204	\$ 7,151,545	\$ 150	\$ -	\$ 9,981,899
Donated services	-	25,684,570	-	-	25,684,570
Events	-	840,008	-	-	840,008
Investment income	2,815	14,583	-	-	17,398
Other	78,148	132,776	-	(80,115)	130,809
<b>Total support and revenue</b>	<b>2,911,167</b>	<b>33,823,482</b>	<b>150</b>	<b>(80,115)</b>	<b>36,654,684</b>
<b>Expenses:</b>					
Program services:					
Public education	1,050,912	22,073,341	-	-	23,124,253
Legal action	76,601	8,060,018	-	-	8,136,619
Legislation	948,175	869,877	-	-	1,818,052
<b>Total program services</b>	<b>2,075,688</b>	<b>31,003,236</b>	<b>-</b>	<b>-</b>	<b>33,078,924</b>
Supporting services:					
Fundraising	1,208,235	1,976,036	-	-	3,184,271
Management and general	392,709	989,571	143	(80,115)	1,302,308
<b>Total supporting services</b>	<b>1,600,944</b>	<b>2,965,607</b>	<b>143</b>	<b>(80,115)</b>	<b>4,486,579</b>
<b>Total expenses</b>	<b>3,676,632</b>	<b>33,968,843</b>	<b>143</b>	<b>(80,115)</b>	<b>37,565,503</b>
<b>Change in net assets</b>	<b>(765,465)</b>	<b>(145,361)</b>	<b>7</b>	<b>-</b>	<b>(910,819)</b>
Net assets:					
Beginning	(1,205,614)	5,835,565	4,191	-	4,634,142
Ending	\$ (1,971,079)	\$ 5,690,204	\$ 4,198	\$ -	\$ 3,723,323