

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Financial Report
June 30, 2020

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



RSM US LLP

Independent Auditor's Report

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, 2020 and 2019, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, 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, 2020 and 2019, 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.
May 10, 2021

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Balance Sheets
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 2,370,085	\$ 1,323,121
Accounts receivable, net	334,088	210,374
Promises to give, net	1,408,135	1,147,866
Prepaid expenses	204,834	208,873
Investments	2,462,079	2,172,036
Property and equipment, net	1,130,703	837,575
	<hr/>	<hr/>
Total assets	\$ 7,909,924	\$ 5,899,845
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 940,878	\$ 701,237
Refundable advances	695,000	-
Deferred revenue	-	164,508
Deferred rent	2,084,518	1,310,777
	<hr/>	<hr/>
Total liabilities	3,720,396	2,176,522
Commitment and contingency (Notes 5 and 13)		
Net assets:		
Without donor restrictions:		
Undesignated	2,118,428	1,913,400
Designated by the Board	356,000	356,000
	<hr/>	<hr/>
	2,474,428	2,269,400
With donor restrictions:		
Time and purpose restrictions	1,584,167	1,323,091
Perpetual in nature	130,933	130,832
	<hr/>	<hr/>
	1,715,100	1,453,923
	<hr/>	<hr/>
Total net assets	4,189,528	3,723,323
	<hr/>	<hr/>
Total liabilities and net assets	\$ 7,909,924	\$ 5,899,845
	<hr/>	<hr/>

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statements of Activities Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 9,006,569	\$ 2,165,503	\$ 11,172,072	\$ 8,615,330	\$ 1,366,569	\$ 9,981,899
Donated services	27,619,752	-	27,619,752	25,684,570	-	25,684,570
Events	982,644	-	982,644	840,008	-	840,008
Investment (loss) income	(13,016)	433	(12,583)	17,314	84	17,398
Other	78,589	-	78,589	130,809	-	130,809
Net assets released from restriction	1,904,759	(1,904,759)	-	1,253,485	(1,253,485)	-
Total support and revenue	39,579,297	261,177	39,840,474	36,541,516	113,168	36,654,684
Expenses:						
Program services:						
Public education	25,731,979	-	25,731,979	23,124,253	-	23,124,253
Legal action	7,509,119	-	7,509,119	8,136,619	-	8,136,619
Policy and grassroots organizing	1,659,542	-	1,659,542	1,818,052	-	1,818,052
Total program services	34,900,640	-	34,900,640	33,078,924	-	33,078,924
Supporting services:						
Fundraising	3,336,507	-	3,336,507	3,184,271	-	3,184,271
Management and general	1,137,122	-	1,137,122	1,302,308	-	1,302,308
Total supporting services	4,473,629	-	4,473,629	4,486,579	-	4,486,579
Total expenses	39,374,269	-	39,374,269	37,565,503	-	37,565,503
Change in net assets	205,028	261,177	466,205	(1,023,987)	113,168	(910,819)
Net assets:						
Beginning	2,269,400	1,453,923	3,723,323	3,293,387	1,340,755	4,634,142
Ending	\$ 2,474,428	\$ 1,715,100	\$ 4,189,528	\$ 2,269,400	\$ 1,453,923	\$ 3,723,323

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, 2020 (With Comparative Totals for 2019)

	Program Services			Supporting Services			2020 Total	2019 Total
	Public Education	Legal Action	Policy and Grassroots Organizing	Total Program	Fund Raising	Management and General		
Donated services	\$ 21,528,999	\$ 6,081,078	\$ -	\$ 27,610,077	\$ 9,675	\$ 200	\$ 27,619,952	\$ 25,684,570
Salaries and benefits	2,027,221	1,048,531	977,801	4,053,553	990,916	110,991	5,155,460	4,402,480
Professional fees	317,478	80,676	141,814	539,968	470,568	388,025	1,398,561	1,922,108
Advertising	774,636	365	20,340	795,341	649,573	9,726	1,454,640	1,416,897
Printing and publications	331,918	174	33,503	365,595	235,160	12,315	613,070	872,048
Occupancy	182,337	189,857	181,837	554,031	63,980	63,977	681,988	592,936
Technology	56,755	4,744	24,130	85,629	342,831	189,378	617,838	548,185
Postage and shipping	331,600	14	3,962	335,576	223,376	6,103	565,055	511,655
Travel	37,831	14,106	105,115	157,052	72,942	30,007	260,001	348,850
Meetings and conferences	13,800	7,524	46,706	68,030	125,635	34,500	228,165	306,399
Depreciation and amortization	80,006	32,358	32,358	144,722	11,385	11,387	167,494	213,543
Licenses and fees	564	2,195	1,727	4,486	48,512	171,310	224,308	207,822
Insurance	27,805	32,111	27,805	87,721	9,784	4,611	102,116	105,507
Contributions	-	-	6,725	6,725	-	-	6,725	101,900
Subscriptions and dues	15,212	11,349	46,720	73,281	853	5,607	79,741	96,578
List rental	-	-	-	-	69,923	-	69,923	87,691
Equipment repairs	5,447	2,627	1,978	10,052	2,542	55,527	68,121	67,885
Supplies	370	437	7,021	7,828	8,852	33,961	50,641	63,886
Taxes	-	-	-	-	-	9,497	9,497	12,972
Other	-	973	-	973	-	-	973	1,591
	\$ 25,731,979	\$ 7,509,119	\$ 1,659,542	\$ 34,900,640	\$ 3,336,507	\$ 1,137,122	\$ 39,374,269	\$ 37,565,503

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

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

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 466,205	\$ (910,819)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	167,494	213,543
Unrealized and realized loss on investments	16,840	2,028
(Decrease) increase in discount on promises to give	(21,901)	32,063
Loss on disposal of property and equipment	-	2,312
Deferred rent	570,714	(128,869)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(123,714)	(98,893)
Promises to give	(238,368)	(536,375)
Prepaid expenses	4,039	20,275
Increase (decrease) in:		
Accounts payable and accrued expenses	239,641	(309,234)
Deferred revenue	(164,508)	142,057
Refundable advance	695,000	-
Net cash provided by (used in) operating activities	1,611,442	(1,571,912)
Cash flows from investing activities:		
Purchase of investments	(547,007)	(225,240)
Proceeds from sales of investments	240,124	958,813
Purchase of property and equipment	(257,595)	(233,169)
Net cash (used in) provided by investing activities	(564,478)	500,404
Net increase (decrease) in cash and cash equivalents	1,046,964	(1,071,508)
Cash and cash equivalents:		
Beginning	1,323,121	2,394,629
Ending	\$ 2,370,085	\$ 1,323,121
Supplemental disclosure of non-cash flow information:		
Leasehold improvements included in accounts receivable	\$ 203,027	\$ -

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, 2020 and 2019.

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, 2020 and 2019, 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 \$96,000 and \$94,000 for the years ended June 30, 2020 and 2019, respectively.

A summary of Brady's significant accounting policies follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts of the Campaign, the Center and the Voter Education. All material intercompany accounts and transactions have been eliminated.

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, 2020 and 2019, 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 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, 2020 and 2019, 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, 2020 and 2019.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

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

Refundable advances: The Center received proceeds from the Paycheck Protection Program (PPP) during the year ended June 30, 2020. The Center recognized the funds as a refundable advance which is presented as a liability on the accompanying consolidated balance sheets. The Center will reduce the refundable advances balance and recognize revenue (other income) once the forgiveness conditions have been substantially met. The Center considers the conditions to be substantially met once forgiveness determination has been received. The Center elected this treatment under ASC 958-605, as the Center expects to meet the PPP's eligibility criteria for forgiveness.

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. Donor-restricted contributions whose restrictions are met in the same year are shown as without donor restrictions.

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.

Grant revenue is recognized as qualified costs are incurred or when scheduled deliverables are met. Grant funds received in excess of costs incurred are recorded as deferred revenue until earned. Reimbursable grant costs incurred in excess of funds received are recorded as receivables. There were no conditional amounts for the year ended June 30, 2020 and 2019.

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.

Advertising: Costs are expensed as incurred. Total advertising expenses for the years ended June 30, 2020 and 2019, were \$1,454,640 and \$1,416,897, respectively.

Use of estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and 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 years ended June 30, 2020 and 2019.

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 2017.

Adopted accounting pronouncements: In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. Brady adopted this update on a modified prospective method. The adoption had no significant impact to Brady.

Recent accounting pronouncements: In May 2014, the FASB issued ASU 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. generally accepted accounting principles when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2014-09, making it effective for annual reporting periods beginning after December 15, 2019. Brady is currently evaluating the impact the adoption of this guidance will have on the 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, 2021, 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 the 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 (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 the consolidated financial statements.

In July 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for contributed Nonfinancial Assets*. The ASU will improve transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this update address certain stakeholder' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. This ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual period beginning after June 15, 2022. Early adoption is permitted. Brady is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

Subsequent events: Brady evaluated subsequent events through May 10, 2021, 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 at June 30, 2020 and 2019, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 2,370,085	\$ 1,323,121
Accounts receivable, net	334,088	210,374
Promises to give, net	1,408,135	1,147,866
Investments	2,462,079	2,172,036
Total financial assets available	<u>6,574,387</u>	<u>4,853,397</u>
Promises to give scheduled to be collected in more than one year	(287,967)	(474,066)
Amounts designated by the Board	(356,000)	(356,000)
Donor-imposed restrictions for specific purposes	(306,965)	(306,057)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,623,455</u>	<u>\$ 3,717,274</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 \$130,933 and \$130,832 at June 30, 2020 and 2019, respectively, are included in investments on the consolidated balance sheets, and are not available for general expenditure.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

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

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.

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, 2020 and 2019:

	2020	2019
Due in less than one year	\$ 1,120,168	\$ 673,800
Due in one to five years	300,000	508,000
	1,420,168	1,181,800
Less allowance for doubtful accounts	1,025	1,025
Less present value discount	11,008	32,909
	<u>\$ 1,408,135</u>	<u>\$ 1,147,866</u>

During the year ended June 30, 2020, Board members contributed \$198,500, of which \$144,000 was outstanding at June 30, 2020. During the year ended June 30, 2019, Board members contributed \$805,000, of which \$635,000 was outstanding at June 30, 2019. During the year ended June 30, 2020 Brady collected \$442,832 of the balance that was outstanding at June 30, 2019.

Note 4. Investments

Investments at June 30, 2020 and 2019, consist of the following:

	2020	2019
Money market funds	\$ 1,953,292	\$ 1,949,962
Certificate of deposits	207,559	207,559
Cash and cash equivalents	301,228	14,515
	<u>\$ 2,462,079</u>	<u>\$ 2,172,036</u>

Investment (loss) income for the years ended June 30, 2020 and 2019, consist of the following:

	2020	2019
Interest and dividends	\$ 4,257	\$ 19,426
Unrealized and realized loss on investments	(16,840)	(2,028)
	<u>\$ (12,583)</u>	<u>\$ 17,398</u>

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

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. 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, 2020 and 2019. The fair value of investments approximates cost. There were no liabilities incurred by Brady subject to fair value measurement at June 30, 2020 and 2019.

Note 6. Property and Equipment

Property and equipment and accumulated depreciation at June 30, 2020 and 2019, and depreciation and amortization expense for the years ended June 30, 2020 and 2019, are as follows:

Asset Category	Estimated Useful Lives (in Years)	2020			
		Cost	Accumulated Depreciation	Net	Depreciation and Amortization
Furniture and fixtures	5-7	\$ 507,582	\$ 415,052	\$ 92,530	\$ 44,820
Leasehold improvements	12	1,245,012	462,522	782,490	71,729
Website	3	778,864	523,181	255,683	50,945
		<u>\$ 2,531,458</u>	<u>\$ 1,400,755</u>	<u>\$ 1,130,703</u>	<u>\$ 167,494</u>
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>

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 7. Refundable Advance

Under the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Center applied for PPP loan with Small Business Administration (SBA) and received \$695,000 during the year ended June 30, 2020. The PPP loan has interest rate of 1% with an initial deferral of principal and interest payment; thereafter, monthly principal and interest payment are due over consecutive months, with a final payment due on April 2022. The loan can be prepaid without penalty at any time. The Center used the full amount of the PPP funds for payroll and other qualified expenses, and expect the loan to be forgiven by SBA during the next fiscal year. At June 30, 2020, the PPP loan was recognized as a refundable advance of \$695,000 on the consolidated balance sheets. No principal or interest payments have been paid through the report date. In April 2021, both the lender and SBA approved the Center's application for PPP loan forgiveness, and balance of \$695,000 was paid in full by SBA. In May 2021, the Center applied for a second PPP loan with SBA totaling approximately \$580,000.

Note 8. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2020, are as follows:

	Balance June 30, 2019	Additions	Transferred	Released	Balance June 30, 2020
Purpose restricted:					
Bad Apple Gun Dealers	\$ 98,669	\$ -	\$ -	\$ (98,669)	\$ -
Bad Apple Gun Dealers (Oakland)	38,333	120,000	-	(107,553)	50,780
Goldhirsch	32,193	-	100,000	(132,193)	-
California Fund	6,030	-	-	(52)	5,978
Freeman Foundation	-	-	40,000	(40,000)	-
Butler Family Foundation	-	-	25,000	(25,000)	-
Fulk Family Foundation	-	-	250,000	(250,000)	-
Block Family Foundation	-	50,000	-	(18,200)	31,800
Paul M. Angell Family Foundation	-	-	50,000	(12,347)	37,653
Impact Fund	-	-	50,000	(180)	49,820
	175,225	170,000	515,000	(684,194)	176,031
Time restricted	1,147,866	1,995,402	(515,000)	(1,220,132)	1,408,136
Perpetual and related earnings	130,832	534	-	(433)	130,933
	<u>\$ 1,453,923</u>	<u>\$ 2,165,936</u>	<u>\$ -</u>	<u>\$ (1,904,759)</u>	<u>\$ 1,715,100</u>

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>

Transfers represent cash receipts from outstanding pledge balances.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

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. 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, 2020, are as follows:

	Purpose Restriction	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ -	\$ 130,832	\$ 130,832
Contributions	-	101	101
Investment income	433	-	433
Amounts appropriated for expenditure	(433)	-	(433)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 130,933</u>	<u>\$ 130,933</u>

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 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, 2020 and 2019.

Commencing on September 14, 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.

In September 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.

During the year ended June 30, 2020, Brady modified their headquarters lease where the landlord will provide future construction allowances towards leasehold improvements equaling \$587,005 to be paid as construction costs are incurred. The balance of the receivable was \$203,027 at June 30, 2020 and recorded in accompanying consolidated balance sheets.

Rent expense for the years ended June 30, 2020 and 2019, was \$681,988 and \$592,936, respectively.

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

Years ending June 30:	
2021	\$ 815,871
2022	919,825
2023	942,847
2024	966,439
2025	990,601
Thereafter	5,810,456
	<u>\$ 10,446,039</u>

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 11. Allocation of Joint Costs

During the years ended June 30, 2020 and 2019, Brady incurred joint costs of \$1,231,001 and \$1,438,560, respectively, for informational materials and activities that included fund raising appeals. These costs were allocated as follows:

	2020	2019
Public education	\$ 744,528	\$ 868,673
Fundraising	486,473	569,887
	<u>\$ 1,231,001</u>	<u>\$ 1,438,560</u>

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 \$74,307 and \$43,300 during the years ended June 30, 2020 and 2019, 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 five years of service. There were no employer contributions made to the PSP for the years ended June 30, 2020 and 2019. Brady terminated the PSP during the year ended June 30, 2019.

Note 13. Contingency

Subsequent to the coronavirus outbreak in 2020 in the United States, there has been substantial volatility in financial markets and the economy. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, 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. During the year ended June 30, 2020, the Center obtained a PPP loan for cash flow purposes to cover payroll and other qualified costs, based on its good faith belief at the time of the application that the economic uncertainty made the loan request necessary to support the ongoing operations of the Center. Management is continually monitoring the potential impact of the pandemic on Brady.

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, 2020 and 2019, 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 information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual entities and is 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 audits 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 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 10, 2021

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidating Balance Sheet June 30, 2020

	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	\$ 663,893	\$ 1,699,690	\$ 6,502	\$ -	\$ 2,370,085
Accounts receivable, net	311,490	21,776	822	-	334,088
Promises to give, net	-	1,408,135	-	-	1,408,135
Prepaid expenses	147,738	57,096	-	-	204,834
Due from related party	-	2,475,427	-	(2,475,427)	-
Investments	460,282	2,001,797	-	-	2,462,079
Property and equipment, net	1,031,241	99,462	-	-	1,130,703
Total assets	\$ 2,614,644	\$ 7,763,383	\$ 7,324	\$ (2,475,427)	\$ 7,909,924
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 243,992	\$ 696,886	\$ -	\$ -	\$ 940,878
Refundable advances	-	695,000	-	-	695,000
Due to related party	2,472,177	-	3,250	(2,475,427)	-
Deferred rent	2,084,518	-	-	-	2,084,518
Total liabilities	4,800,687	1,391,886	3,250	(2,475,427)	3,720,396
Net (deficit) assets:					
Without donor restrictions:					
Undesignated	(2,192,021)	4,306,375	4,074	-	2,118,428
Designated by the Board	-	356,000	-	-	356,000
	(2,192,021)	4,662,375	4,074	-	2,474,428
With donor restrictions:					
Time and purpose restrictions	5,978	1,578,189	-	-	1,584,167
Perpetual in nature	-	130,933	-	-	130,933
	5,978	1,709,122	-	-	1,715,100
Total net (deficit) assets	(2,186,043)	6,371,497	4,074	-	4,189,528
Total liabilities and net assets	\$ 2,614,644	\$ 7,763,383	\$ 7,324	\$ (2,475,427)	\$ 7,909,924

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidating Statement of Activities Year Ended June 30, 2020

	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	\$ 3,385,176	\$ 7,786,896	\$ -	\$ -	\$ 11,172,072
Donated services	4,200	27,615,552	-	-	27,619,752
Events	-	982,644	-	-	982,644
Investment losses	(231)	(12,352)	-	-	(12,583)
Other	78,589	102,895	-	(102,895)	78,589
Total support and revenue	3,467,734	36,475,635	-	(102,895)	39,840,474
Expenses:					
Program services:					
Public education	1,000,224	24,731,755	-	-	25,731,979
Legal action	138,030	7,371,089	-	-	7,509,119
Policy and grassroots organizing	674,294	985,248	-	-	1,659,542
Total program services	1,812,548	33,088,092	-	-	34,900,640
Supporting services:					
Fundraising	1,405,670	1,930,837	-	-	3,336,507
Management and general	464,480	775,413	124	(102,895)	1,137,122
Total supporting services	1,870,150	2,706,250	124	(102,895)	4,473,629
Total expenses	3,682,698	35,794,342	124	(102,895)	39,374,269
Change in net assets	(214,964)	681,293	(124)	-	466,205
Net assets:					
Beginning	(1,971,079)	5,690,204	4,198	-	3,723,323
Ending	\$ (2,186,043)	\$ 6,371,497	\$ 4,074	\$ -	\$ 4,189,528