

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

Consolidated Financial Report  
June 30, 2021

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## 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, 2021 and 2020, 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, 2021 and 2020, 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 12, 2022

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Balance Sheets  
June 30, 2021 and 2020

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 2,811,803	\$ 2,370,085
Investments	1,923,469	2,462,079
Accounts receivable, net	79,899	334,088
Promises to give, net	1,498,092	1,408,135
Prepaid expenses	54,281	204,834
Property and equipment, net	1,115,269	1,130,703
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 7,482,813</b>	<b>\$ 7,909,924</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,119,607	\$ 940,878
Refundable advances	579,530	695,000
Deferred revenue	50,000	-
Deferred rent	2,049,281	2,084,518
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>3,798,418</b>	<b>3,720,396</b>
Commitment and contingency (Notes 10 and 13)		
Net assets:		
Without donor restrictions:		
Undesignated	1,480,381	2,118,428
Designated by the Board	356,000	356,000
	<hr/>	<hr/>
	<b>1,836,381</b>	<b>2,474,428</b>
With donor restrictions:		
Time and purpose restrictions	1,717,040	1,584,167
Perpetual in nature	130,974	130,933
	<hr/>	<hr/>
	<b>1,848,014</b>	<b>1,715,100</b>
	<hr/>	<hr/>
<b>Total net assets</b>	<b>3,684,395</b>	<b>4,189,528</b>
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<b>Total liabilities and net assets</b>	<b>\$ 7,482,813</b>	<b>\$ 7,909,924</b>

See notes to consolidated financial statements.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Consolidated Statements of Activities Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 9,404,803	\$ 1,888,577	\$ 11,293,380	\$ 9,006,569	\$ 2,165,503	\$ 11,172,072
Donated services	23,387,986	-	23,387,986	27,619,752	-	27,619,752
Events	542,655	-	542,655	982,644	-	982,644
Investment income (loss)	3,034	-	3,034	(13,016)	433	(12,583)
Other	45,341	-	45,341	78,589	-	78,589
Net assets released from restriction	1,755,663	(1,755,663)	-	1,904,759	(1,904,759)	-
<b>Total support and revenue</b>	<b>35,139,482</b>	<b>132,914</b>	<b>35,272,396</b>	<b>39,579,297</b>	<b>261,177</b>	<b>39,840,474</b>
Expenses:						
Program services:						
Public education	22,819,381	-	22,819,381	25,731,979	-	25,731,979
Legal action	6,592,653	-	6,592,653	7,509,119	-	7,509,119
Policy and grassroots organizing	1,748,042	-	1,748,042	1,659,542	-	1,659,542
<b>Total program services</b>	<b>31,160,076</b>	<b>-</b>	<b>31,160,076</b>	<b>34,900,640</b>	<b>-</b>	<b>34,900,640</b>
Supporting services:						
Fundraising	3,320,823	-	3,320,823	3,336,507	-	3,336,507
Management and general	1,296,630	-	1,296,630	1,137,122	-	1,137,122
<b>Total supporting services</b>	<b>4,617,453</b>	<b>-</b>	<b>4,617,453</b>	<b>4,473,629</b>	<b>-</b>	<b>4,473,629</b>
<b>Total expenses</b>	<b>35,777,529</b>	<b>-</b>	<b>35,777,529</b>	<b>39,374,269</b>	<b>-</b>	<b>39,374,269</b>
<b>Change in net assets</b>	<b>(638,047)</b>	<b>132,914</b>	<b>(505,133)</b>	<b>205,028</b>	<b>261,177</b>	<b>466,205</b>
Net assets:						
Beginning	2,474,428	1,715,100	4,189,528	2,269,400	1,453,923	3,723,323
Ending	\$ 1,836,381	\$ 1,848,014	\$ 3,684,395	\$ 2,474,428	\$ 1,715,100	\$ 4,189,528

See notes to consolidated financial statements.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Consolidated Statement of Functional Expenses Year Ended June 30, 2021 (With Comparative Totals for 2020)

	Program Services				Supporting Services		2021 Total	2020 Total
	Public Education	Legal Action	Policy and Grassroots Organizing	Total Program	Fundraising	Management and General		
Donated services	\$ 18,155,385	\$ 5,232,601	\$ -	\$ 23,387,986	\$ -	\$ -	\$ 23,387,986	\$ 27,619,952
Salaries and benefits	2,051,184	1,072,918	1,203,598	4,327,700	892,323	115,549	5,335,572	5,155,460
Professional fees	434,736	22,202	165,898	622,836	705,454	515,793	1,844,083	1,398,561
Advertising	1,104,072	-	19,674	1,123,746	638,014	-	1,761,760	1,454,640
Printing and publications	337,358	5,076	4,706	347,140	366,026	1,759	714,925	613,070
Occupancy	185,087	181,837	181,837	548,761	63,980	169,966	782,707	681,988
Technology	88,201	4,535	13,566	106,302	342,209	186,488	634,999	617,838
Postage and shipping	331,241	-	3,073	334,314	141,715	7,188	483,217	565,055
Travel	6,287	(8,807)	7,916	5,396	4,135	11,392	20,923	260,001
Meetings and conferences	517	-	25,000	25,517	520	18,774	44,811	228,165
Depreciation and amortization	77,256	32,358	32,358	141,972	11,385	22,547	175,904	167,494
Licenses and fees	555	2,145	1,152	3,852	36,058	185,061	224,971	224,308
Insurance	27,805	32,256	27,805	87,866	9,784	15,323	112,973	102,116
Contributions	2,755	-	21,500	24,255	-	-	24,255	6,725
Subscriptions and dues	3,503	15,408	36,558	55,469	672	14,286	70,427	79,741
List rental	-	-	-	-	72,389	-	72,389	69,923
Equipment repairs	947	-	977	1,924	520	19,875	22,319	68,121
Supplies	992	124	2,424	3,540	6,433	10,613	20,586	50,641
Taxes	-	-	-	-	-	1,431	1,431	9,497
Other	11,500	-	-	11,500	29,206	585	41,291	973
	<b>\$ 22,819,381</b>	<b>\$ 6,592,653</b>	<b>\$ 1,748,042</b>	<b>\$ 31,160,076</b>	<b>\$ 3,320,823</b>	<b>\$ 1,296,630</b>	<b>\$ 35,777,529</b>	<b>\$ 39,374,269</b>

See notes to consolidated financial statements.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Consolidated Statement of Functional Expenses Year Ended June 30, 2020

	Program Services				Supporting Services		
	Public Education	Legal Action	Policy and Grassroots Organizing	Total Program	Fundraising	Management and General	Total
Donated services	\$ 21,528,999	\$ 6,081,078	\$ -	\$ 27,610,077	\$ 9,675	\$ 200	\$ 27,619,952
Salaries and benefits	2,027,221	1,048,531	977,801	4,053,553	990,916	110,991	5,155,460
Professional fees	317,478	80,676	141,814	539,968	470,568	388,025	1,398,561
Advertising	774,636	365	20,340	795,341	649,573	9,726	1,454,640
Printing and publications	331,918	174	33,503	365,595	235,160	12,315	613,070
Occupancy	182,337	189,857	181,837	554,031	63,980	63,977	681,988
Technology	56,755	4,744	24,130	85,629	342,831	189,378	617,838
Postage and shipping	331,600	14	3,962	335,576	223,376	6,103	565,055
Travel	37,831	14,106	105,115	157,052	72,942	30,007	260,001
Meetings and conferences	13,800	7,524	46,706	68,030	125,635	34,500	228,165
Depreciation and amortization	80,006	32,358	32,358	144,722	11,385	11,387	167,494
Licenses and fees	564	2,195	1,727	4,486	48,512	171,310	224,308
Insurance	27,805	32,111	27,805	87,721	9,784	4,611	102,116
Contributions	-	-	6,725	6,725	-	-	6,725
Subscriptions and dues	15,212	11,349	46,720	73,281	853	5,607	79,741
List rental	-	-	-	-	69,923	-	69,923
Equipment repairs	5,447	2,627	1,978	10,052	2,542	55,527	68,121
Supplies	370	437	7,021	7,828	8,852	33,961	50,641
Taxes	-	-	-	-	-	9,497	9,497
Other	-	973	-	973	-	-	973
	<u>\$ 25,731,979</u>	<u>\$ 7,509,119</u>	<u>\$ 1,659,542</u>	<u>\$ 34,900,640</u>	<u>\$ 3,336,507</u>	<u>\$ 1,137,122</u>	<u>\$ 39,374,269</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, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (505,133)	\$ 466,205
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	175,904	167,494
Unrealized and realized (gain) loss on investments	(1,861)	16,840
Increase in allowance for doubtful accounts	15,206	-
Increase (decrease) in discount on promises to give	7,752	(21,901)
Deferred rent	(35,237)	570,714
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	254,189	(123,714)
Promises to give	(112,915)	(238,368)
Prepaid expenses	150,553	4,039
Increase (decrease) in:		
Accounts payable and accrued expenses	178,729	239,641
Deferred revenue	50,000	(164,508)
Refundable advance	(115,470)	695,000
<b>Net cash provided by operating activities</b>	<b>61,717</b>	<b>1,611,442</b>
Cash flows from investing activities:		
Purchase of investments	(288,529)	(547,007)
Proceeds from sales of investments	829,000	240,124
Purchase of property and equipment	(160,470)	(257,595)
<b>Net cash provided by (used in) investing activities</b>	<b>380,001</b>	<b>(564,478)</b>
<b>Net increase in cash and cash equivalents</b>	<b>441,718</b>	<b>1,046,964</b>
Cash and cash equivalents:		
Beginning	2,370,085	1,323,121
Ending	\$ 2,811,803	\$ 2,370,085
Supplemental schedule of non-cash investing activities:		
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

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#### 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. There were no tax expenses incurred for the years ended June 30, 2021 and 2020.

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, 2021 and 2020, Brady has entered into formal affiliation agreements with 42 of the chapters. The financial activities of those chapters are consolidated with Brady. Assets of those chapters totaled approximately \$81,000 and \$96,000 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, 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.

**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.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

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

**Investments:** Investments are reflected at fair value, which is based on quoted market rates. Unrealized and realized gains and losses are reported in the consolidated statements of activities as a component of investment income (loss).

**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.

**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, 2021 and 2020, management recorded an allowance for doubtful accounts of \$16,231 and \$1,025, respectively.

**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, 2021 and 2020.

**Refundable advances:** Represents cash received from contributors or grantors for which some or all of the agreement conditions were not yet met. Conditions primarily include completion of project tasks and related expenditures, as well as the right of return of funds transferred if all terms are not met. The Paycheck Protection Program (PPP) loan is also included as a conditional contribution.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

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

Conditional contributions and grants are recognized as qualified costs are incurred or when scheduled deliverables are met. Amounts 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 was one grant with conditional amounts totaling \$100,000 for the year ended June 30, 2021, of which \$50,000 was included in deferred revenue at June 30, 2021. There were no conditional contributions for the year ended June 30, 2020.

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.

Brady's revenue streams from contracts with customers are comprised of event revenue. All of Brady's revenue under contracts with customers is earned in the United States, and the customers consist of parties interested and active in Brady's mission. Brady's revenue is recognized when a given performance obligation is satisfied at a point in time when the event occurs.

Brady's revenue from contracts with customers are generally for one year or less. The contracts do not include significant financing components and do not have variable considerations. Payments are due based on agreed upon payment terms, and refunds are not provided. Brady did not have any impairment or credit losses on any receivables or contract fees receivables arising from contracts with customers. The primary factor affecting future revenue and cash flows is periods of economic downturn resulting from consumer confidence, employment, inflation and other world events. Management does not believe there is a material risk of loss for future revenue and cash flows.

**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, 2021 and 2020, were \$1,761,760 and \$1,454,640, respectively.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

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

**Use of estimates:** The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) 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.

**Income taxes:** Brady is organized as District of Columbia nonprofit corporations and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRS Section 501(a) as organizations described in IRS Sections 501(c)(4), 501(c)(3) and 527(f)(3), and have been determined not to be private foundations under IRS Sections 509(a)(1) and (3). 501(c)(3) organizations qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii). Brady is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Brady is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. Brady is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**Adopted accounting pronouncements:** In May 2014, the Financial Accounting Standards Board (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. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method, and is effective for annual reporting periods beginning after December 15, 2019. The ASU was adopted during the year ended June 30, 2021, and there was minimal impact to revenue recognition as a result of adoption.

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, 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. The ASU was adopted during the year ended June 30, 2021, with no impact as a result of adoption.

**Recent accounting pronouncements:** 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 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

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

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 has evaluated subsequent events through May 12, 2022, the date on which 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 sheets date at June 30, 2021 and 2020, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 2,811,803	\$ 2,370,085
Investments	1,923,469	2,462,079
Accounts receivable, net	79,899	334,088
Promises to give, net	1,498,092	1,408,135
Total financial assets available	6,313,263	6,574,387
Promises to give scheduled to be collected in more than one year	(427,676)	(287,967)
Amounts designated by the Board	(356,000)	(356,000)
Donor-imposed restrictions for specific purposes	(349,922)	(306,965)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,179,665</u>	<u>\$ 5,623,455</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. 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

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#### Note 3. Promises to Give

Promises to give at their net present value, based on a discount rate of 3.86% and 4.64%, respectively, consist of the following at June 30, 2021 and 2020:

	2021	2020
Due in less than one year	\$ 1,070,416	\$ 1,120,168
Due in one to five years	462,667	300,000
	<u>1,533,083</u>	<u>1,420,168</u>
Less allowance for doubtful accounts	16,231	1,025
Less present value discount	18,760	11,008
	<u>\$ 1,498,092</u>	<u>\$ 1,408,135</u>

During the year ended June 30, 2021, Board members contributed \$788,500, of which \$452,500 was outstanding at June 30, 2021. 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, 2021, Brady collected \$76,000 of the balance that was outstanding at June 30, 2020. The total outstanding as of June 30, 2021, was \$520,500.

#### Note 4. Investments

Investments at June 30, 2021 and 2020, consist of the following:

	2021	2020
Money market funds	\$ 1,653,432	\$ 1,953,292
Certificate of deposits	208,133	207,559
Cash and cash equivalents	61,904	301,228
	<u>\$ 1,923,469</u>	<u>\$ 2,462,079</u>

Investment income (loss) for the years ended June 30, 2021 and 2020, consist of the following:

	2021	2020
Interest and dividends	\$ 1,173	\$ 4,257
Unrealized and realized gain (loss) on investments	1,861	(16,840)
	<u>\$ 3,034</u>	<u>\$ (12,583)</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, 2021 and 2020. The fair value of investments approximates cost. There were no liabilities incurred by Brady subject to fair value measurement at June 30, 2021 and 2020.

#### Note 6. Property and Equipment

Property and equipment and accumulated depreciation at June 30, 2021 and 2020, and depreciation and amortization expense for the years ended June 30, 2021 and 2020, are as follows:

Asset Category	Estimated Useful Lives (in Years)	2021			
		Cost	Accumulated Depreciation	Net	Depreciation and Amortization
Furniture and fixtures	5-7	\$ 539,133	\$ 450,844	\$ 88,289	\$ 35,792
Leasehold improvements	12	1,311,168	551,142	760,026	88,620
Website	3	841,629	574,675	266,954	51,492
		<u>\$ 2,691,930</u>	<u>\$ 1,576,661</u>	<u>\$ 1,115,269</u>	<u>\$ 175,904</u>

  

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>

#### Note 7. Refundable Advance

In March 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law to provide emergency economic and health care assistance for individuals, families and businesses affected by the coronavirus (COVID-19) pandemic. Under the CARES Act, certain small businesses and organizations are eligible to receive loan funds under Section 7(a) of the Small Business Loan Act. Loans made under this section of the CARES Act, known as the PPP, are forgivable to the extent certain requirements are met. The program is administered by the Small Business Administration (SBA).



## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

#### Note 7. Refundable Advance (Continued)

Brady made an analysis of the adverse economic effect the pandemic would likely have on its operations and determined that it was eligible to apply for a PPP loan, submitted the required application and supporting documentation, and received PPP loan funds in the amount of \$695,000 in April 2020. Funds were expended consistent with the program requirements and in April 2021, Brady received notification from the SBA that the loan had been forgiven in full and the lender repaid.

Additional provisions of the CARES Act add a second temporary program to the SBA's 7(a) loan program titled, "Paycheck Protection Program Second Draw Loans" (PPP II). Brady determined it was eligible to apply for a second draw and received a \$579,530 loan in May 2021. Terms of the PPP II loan include an interest rate of 1%. The loan, if not forgiven, is due five years after the approval date unless a range of maturity dates is set by the SBA, in which case, the earliest date applies. The principal may be prepaid without penalty at any time. Brady expended the funds consistent with PPP regulations and in November 2021, Brady received notification from the SBA that the loan had been forgiven in full and the lender repaid.

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

Changes in net assets with donor restrictions for the year ended June 30, 2021, are as follows:

	Balance June 30, 2020	Additions	Transferred	Released	Balance June 30, 2021
Purpose restricted:					
Bad Apple Gun Dealers (Oakland)	\$ 50,780	\$ -	\$ -	\$ (50,780)	\$ -
California Fund	5,978	-	-	(50)	5,928
Change Happens	-	50,000	-	(50,000)	-
End Family Fire	-	-	300,000	(300,000)	-
Milwaukee Crime Guns	-	50,000	-	(25,000)	25,000
Great Lakes Legal Action	-	200,000	-	(104,758)	95,242
Pilot Education Collective	31,800	-	-	(13,936)	17,864
Combatting Gun Crime in Chicago	37,653	-	75,000	(87,559)	25,094
Impact Fund	49,820	-	-	-	49,820
	<u>176,031</u>	<u>300,000</u>	<u>375,000</u>	<u>(632,083)</u>	<u>218,948</u>
Time restricted	1,408,136	1,588,536	(375,000)	(1,123,580)	1,498,092
Perpetual and related earnings	130,933	41	-	-	130,974
	<u>\$ 1,715,100</u>	<u>\$ 1,888,577</u>	<u>\$ -</u>	<u>\$ (1,755,663)</u>	<u>\$ 1,848,014</u>

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

#### Note 8. Net Assets With Donor Restrictions (Continued)

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

	Balance					Balance
	June 30, 2019	Additions	Transferred	Released	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>	

Transfers represent cash receipts from outstanding pledge balances.

#### Note 9. Endowments

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

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

Brady has interpreted the D.C.-enacted version of the UPMIFA as requiring Brady to consider preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds when adopting an asset allocation and investment program. Brady initially classifies as net assets with donor restrictions that are permanent in nature: (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Accumulations to the donor-restricted endowment fund are classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by Brady in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

1. The duration and preservation of the fund
2. The purposes of Brady and the donor-restricted endowment fund
3. General economic conditions
4. The possible effects of inflation and deflation

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 9. Endowments (Continued)

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, 2021 and 2020, are as follows:

	2021		
	Purpose Restriction	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ -	\$ 130,933	\$ 130,933
Contributions	-	41	41
Investment income	-	-	-
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 130,974</u>	<u>\$ 130,974</u>

  

	2020		
	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>

#### 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, 2021 and 2020.

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 10. Leases (Continued)

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. During the year ended June 30, 2021, Brady elected not to use all of the build out allowance, and \$111,587 was applied as additional rent abatement, and \$25,000 expired.

During the year ended June 30, 2020, a construction receivable due from the landlord equaling \$203,027 was recorded in accompanying consolidated balance sheets. There was no receivable at June 30, 2021.

Rent expense for the years ended June 30, 2021 and 2020, was \$782,707 and \$681,988, respectively.

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

Years ending June 30:	
2022	\$ 919,825
2023	942,847
2024	966,439
2025	990,601
2026	1,015,378
Thereafter	4,795,078
	<u>\$ 9,630,168</u>

#### Note 11. Allocation of Joint Costs

During the years ended June 30, 2021 and 2020, Brady incurred joint costs of \$1,630,004 and \$1,231,001, respectively, for informational materials and activities that included fund raising appeals. These costs were allocated as follows:

	2021	2020
Public education	\$ 990,826	\$ 744,528
Fundraising	639,178	486,473
	<u>\$ 1,630,004</u>	<u>\$ 1,231,001</u>

#### Note 12. Retirement Plans

Brady has a 403(b) pension plan (the Pension Plan) option for all eligible employees who have attained the age of 21 years. Employees can make voluntary contributions not to exceed the maximum allowable by the IRS regulations. Brady has the option to match the employees' contribution, and may also make an additional discretionary employer contribution. There were employer contributions totaling \$118,011 and \$74,307 during the years ended June 30, 2021 and 2020, respectively.

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

### **Notes to Consolidated Financial Statements**

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#### **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. Management is continually monitoring the potential impact of the pandemic on Brady.



RSM US LLP

## 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, 2021 and 2020, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. 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 12, 2022

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Consolidating Balance Sheet June 30, 2021

	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	\$ 776,392	\$ 2,029,094	\$ 6,317	\$ -	\$ 2,811,803
Investments	112,074	1,811,395	-	-	1,923,469
Accounts receivable, net	69,906	9,171	822	-	79,899
Promises to give, net	-	1,498,092	-	-	1,498,092
Prepaid expenses	25,539	28,742	-	-	54,281
Due from related party	112,428	2,849,583	-	(2,962,011)	-
Property and equipment, net	1,074,069	41,200	-	-	1,115,269
<b>Total assets</b>	<b>\$ 2,170,408</b>	<b>\$ 8,267,277</b>	<b>\$ 7,139</b>	<b>\$ (2,962,011)</b>	<b>\$ 7,482,813</b>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 192,381	\$ 927,226	\$ -	\$ -	\$ 1,119,607
Refundable advances	-	579,530	-	-	579,530
Due to related party	2,849,583	109,178	3,250	(2,962,011)	-
Deferred revenue	-	50,000	-	-	50,000
Deferred rent	2,049,281	-	-	-	2,049,281
<b>Total liabilities</b>	<b>5,091,245</b>	<b>1,665,934</b>	<b>3,250</b>	<b>(2,962,011)</b>	<b>3,798,418</b>
Net (deficit) assets:					
Without donor restrictions:					
Undesignated	(2,926,765)	4,403,257	3,889	-	1,480,381
Designated by the Board	-	356,000	-	-	356,000
	<b>(2,926,765)</b>	<b>4,759,257</b>	<b>3,889</b>	<b>-</b>	<b>1,836,381</b>
With donor restrictions:					
Time and purpose restrictions	5,928	1,711,112	-	-	1,717,040
Perpetual in nature	-	130,974	-	-	130,974
	<b>5,928</b>	<b>1,842,086</b>	<b>-</b>	<b>-</b>	<b>1,848,014</b>
<b>Total net (deficit) assets</b>	<b>(2,920,837)</b>	<b>6,601,343</b>	<b>3,889</b>	<b>-</b>	<b>3,684,395</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,170,408</b>	<b>\$ 8,267,277</b>	<b>\$ 7,139</b>	<b>\$ (2,962,011)</b>	<b>\$ 7,482,813</b>

## The Brady Campaign to Prevent Gun Violence and Affiliates

### Consolidating Statement of Activities Year Ended June 30, 2021

	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	\$ 3,149,077	\$ 8,144,303	\$ -	\$ -	\$ 11,293,380
Donated services	22,905	23,365,081	-	-	23,387,986
Events	-	542,655	-	-	542,655
Investment income	260	2,774	-	-	3,034
Other	50,340	77,012	-	(82,011)	45,341
<b>Total support and revenue</b>	<b>3,222,582</b>	<b>32,131,825</b>	<b>-</b>	<b>(82,011)</b>	<b>35,272,396</b>
<b>Expenses:</b>					
<b>Program services:</b>					
Public education	1,032,975	21,786,406	-	-	22,819,381
Legal action	144,140	6,448,513	-	-	6,592,653
Policy and grassroots organizing	731,864	1,016,178	-	-	1,748,042
<b>Total program services</b>	<b>1,908,979</b>	<b>29,251,097</b>	<b>-</b>	<b>-</b>	<b>31,160,076</b>
<b>Supporting services:</b>					
Fundraising	1,772,272	1,548,551	-	-	3,320,823
Management and general	276,125	1,102,331	185	(82,011)	1,296,630
<b>Total supporting services</b>	<b>2,048,397</b>	<b>2,650,882</b>	<b>185</b>	<b>(82,011)</b>	<b>4,617,453</b>
<b>Total expenses</b>	<b>3,957,376</b>	<b>31,901,979</b>	<b>185</b>	<b>(82,011)</b>	<b>35,777,529</b>
<b>Change in net assets</b>	<b>(734,794)</b>	<b>229,846</b>	<b>(185)</b>	<b>-</b>	<b>(505,133)</b>
<b>Net assets (deficit):</b>					
Beginning	(2,186,043)	6,371,497	4,074	-	4,189,528
Ending	\$ (2,920,837)	\$ 6,601,343	\$ 3,889	\$ -	\$ 3,684,395