



2021 ANNUAL REPORT







Mission Statement

Established in 1990, The NRA Foundation, Inc. ("NRA Foundation") is a 501(c)(3) tax-exempt organization that raises tax-deductible contributions in support of a wide range of firearm-related public interest activities of the National Rifle Association of America and other organizations that defend and foster the Second Amendment rights of all law-abiding Americans. These activities are designed to promote firearms and hunting safety, to enhance marksmanship skills of those participating in the shooting sports, and to educate the general public about firearms in their historic, technological and artistic context. Funds granted by The NRA Foundation benefit a variety of constituencies throughout the United States including children, youth, women, individuals with physical disabilities, gun collectors, law enforcement officers, hunters and competitive shooters.

All rights reserved, including the right to reproduce this book or portions thereof. Printed in the United States Copyright ©2022 by The NRA Foundation 11250 Waples Mill Road Fairfax, VA 22030

NRA Foundation

TABLE OF CONTENTS

Officers and Board of Trustees	5
Ways to Give	6
Report of the Treasurer	7
Report of Independent Auditors	8-9
Financial Statements:	
Statements of Financial Position	11
Statement of Activities	12-13
Statements of Functional Expenses	14-15
Statements of Cash Flows	16-17
Notes to Financial Statements	18





OFFICERS

Tom King President & Trustee

Joel Friedman
Vice President & Trustee

Sonya Rowling Treasurer

Skipp Galythly Secretary

Tyler Schropp *Executive Director*

BOARD OF

TRUSTEES

Kevin Hogan

Ronnie Barrett

James W. Porter II

Carolyn D. Meadows

Barbara Rumpel

Dr. Stephen R. Plaster

Regis J. Synan

Scott L. Bach

Greer Johnson

Willes K. Lee

Anne Draper

Wayne R. LaPierre - Ex Officio

Charles L. Cotton - Ex Officio

YOUR LEGACY OF FREEDOM VAYS TO GIVE

Support Your NRA: The NRA Foundation offers many flexible options for individuals, organizations, and companies to support the Foundation's work. Call 1-877-NRA GIVE (1-877-672-4483) for details on the options available. These include:

Current Contributions

Online Contributions

Payroll Deduction

Employer Matching Gift

Workplace (CFC/United Way)

Memorial Gifts

Gifts in Kind

Firearms

Real Estate

Stocks, Bonds

Contributions through a Planned Gift

Will or Living Trust Beguests

Life Insurance

Retirement Plans, IRA-401

Real Estate

Charitable Trusts

Planned Gifts that Provide Income to Donor(s)

Charitable Remainder Trusts

Charitable Gift Annuities

(Funded by Cash, Appreciated Stocks, Firearms, Real Estate)

Wills & Bequests

Donors can bequeath a specific amount or a percentage of their estate to The NRA Foundation. Contributions by bequest are deductible from the taxable estate as a charitable gift. As an alternative, The NRA Foundation can be named a contingent beneficiary in the event the first-named beneficiary(ies) should not live to receive the inheritance. If your will is already prepared, a simple codicil (a supplement or addition) can be added to the existing document.

Since local laws differ, a professional advisor should be contacted for the preparation of all wills and trusts. As a reference, The NRA Foundation recommends that members and friends consider the following language for use in their wills.



General bequest language is as follows: I give, devise, and bequeath to The NRA Foundation, Inc, 11250 Waples Mill Road, Fairfax, Virginia 22030, the sum of \$______ (or here otherwise describe the gift) for its general purposes as such shall be determined by its Board of Trustees.



Bequest language to benefit The NRA Foundation Endowment is as follows: I give, devise, and bequeath to The NRA Foundation, Inc, 11250 Waples Mill Road, Fairfax, Virginia 22030, the sum of \$_____ (or here otherwise describe the gift) for The NRA Foundation Endowment.



TREASURER

The NRA Foundation, Inc. experienced continued growth and success in 2021, with net proceeds from Friends of NRA events of \$21.9 million. As a result of these and other fundraising efforts, the Foundation was able to fund \$11.9 million in grants and educational programs benefitting youth; school safety; law enforcement; range development and improvement; training, education and safety; wildlife and natural resources; and more. With steady growth since inception in 1990, the Foundation's financial position is strong, with \$131 million in cash and investments and over \$161 million in net assets at December 31, 2021.

Management of the Foundation's investment portfolio is assigned to various external managers under the supervision of the Treasurer, with oversight by a committee of the Board of Trustees. The portfolio is allocated among equity and fixed income investments in a manner that maximizes investment returns at appropriate risk levels. The Foundation's endowment fund, a significant segment of the portfolio, stood at \$68 million as of December 31, 2021 and generated \$2.1 million in program and other support for the year. The Foundation holds \$29 million in additional endowment assets, outside of the investment portfolio, in the form of permanently restricted firearms contributions.



THE NRA FOUNDATION, INC. | FAIRFAX, VIRGINIA Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of **The NRA Foundation, Inc.** (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2021 and 2020, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The NRA Foundation**, **Inc.** as of December 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **The NRA Foundation, Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **The NRA Foundation, Inc.**'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance

but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NRA Foundation, Inc.'s
 internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **The NRA Foundation, Inc.'s** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Rockville, Maryland April 13, 2022



21 NRA FOUNDATION ANNUAL REPOR

THE NRA FOUNDATION, INC

Statements of Financial Position

AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 32,544,038	\$ 18,109,448
Investments	98,949,796	90,148,498
Pledges and contributions receivable, net	1,498,147	2,899,846
Accounts receivable, net of allowance of \$25,775 and \$18,750	804,711	4,123,140
Inventory, net	3,173,575	5,506,423
Property and equipment, net	476,245	527,812
Other assets, principally museum collections, net	31,605,733	31,336,544
Split interest agreements	1,139,409	1,111,234
Total assets	\$ 170,191,654	\$ 153,762,945
Liabilities and Net Assets Accounts payable and accrued liabilities	\$ 1,413,238	\$ 1,991,267
Due to affiliates	5,051,502	5,010,040
Grants payable	541,662	2,119,541
Annuities payable	1,951,698	2,181,473
Total liabilities	8,958,100	11,302,321
Without donor restrictions	27,747,809	19,902,824
With donor restrictions	133,485,745	122,557,800
Total net assets	161,233,554	142,460,624
Total liabilities and net assets	\$ 170,191,654	\$ 153,762,945

Statements of Activities

				2021		
		Without Donor Restrictions		With Donor Restrictions		Total
Revenue and other support: Friends of NRA proceeds of \$40,482,707 net of direct benefit expenses of \$18,622,788	\$	10,786,080	\$	11,073,839	\$	21,859,919
	Ф 		Ф		Ф	
Contributions, net	<u> </u>	4,469,503		1,136,405		5,605,908
Net investment income	<u> </u>	371,523		1,970,866		2,342,389
Change in value of split interest agreements	<u> </u>			93,993		93,993
Other income	<u> </u>	307,680		(12.4(2.277)		307,680
Assets released from restrictions		12,463,377		(12,463,377)		_
Total revenue and other support		28,398,163		1,811,726		30,209,889
Total Tevenue and other support		20,370,103		1,011,720		30,207,007
Expenses:						
Program		14,151,374		_		14,151,374
Administrative		2,540,254		_		2,540,254
Fundraising		4,935,503		_		4,935,503
Total expenses		21,627,131		_		21,627,131
Change in net assets before other changes		6,771,032		1,811,726		8,582,758
Unrealized gain on investments, net		396,587		9,116,219		9,512,806
Reimbursement of legal costs		677,366		_		677,366
Change in net assets		7,844,985		10,927,945		18,772,930
Net assets, beginning of year		19,902,824		122,557,800		142,460,624
Net assets, end of year	\$	27,747,809	\$	133,485,745	\$	161,233,554

Statements of Activities

	2020					
		Without Donor Restrictions Restrictions			Total	
Revenue and other support: Friends of NRA proceeds of \$35,886,536 net of direct benefit expenses of \$19,388,666	\$ 8	3,054,243	\$	8,443,627	\$	16,497,870
Contributions, net	7	,269,102		1,256,905		8,526,007
Net investment income		135,795		4,501,357		4,637,152
Change in value of split interest agreements		_		114,452		114,452
Other income		813,641		_		813,641
Assets released from restrictions	26	,656,577		(26,656,577)		
Total revenue and other support	42	,929,358		(12,340,236)		30,589,122
Expenses:						
Program	21	,529,824		_		21,529,824
Administrative	3	,053,197				3,053,197
Fundraising	5	,226,169				5,226,169
Total expenses	29	,809,190		_		29,809,190
Change in net assets before other changes	13	,120,168		(12,340,236)		779,932
Unrealized gain on investments, net		462,721		2,766,683		3,229,404
Reimbursement of legal costs		_		_		_
Change in net assets	13	,582,889		(9,573,553)		4,009,336
Net assets, beginning of year	6	,319,935		132,131,353		138,451,288
Net assets, end of year	\$ 19,	902,824	\$	122,557,800	\$	142,460,624

Statements of Functional Expenses

	2021							
		Program		Administrative		Fundraising		Total
Grants and education	\$	11,412,123	\$		\$		\$	11,412,123
Costs of goods sold		_		_		15,984,354		15,984,354
Management fees		1,696,190		912,958		4,140,491		6,749,639
Occupancy		34,200		97,200		1,129,383		1,260,783
Other operating		290,409		80,392		415,051		785,852
Meetings and travel		236,780		1,506		474,203		712,489
Postage and shipping		419,107		3,544		441,838		864,489
Advertising and promotion		_		_		239,130		239,130
Legal, audit, taxes and fees		_		1,404,803		500,861		1,905,664
Depreciation and amortization		7,600		22,208		27,501		57,309
Printing and publications		_		3,500		96,215		99,715
Office supplies and services		54,965		14,143		109,264		178,372
Total expenses		14,151,374		2,540,254		23,558,291		40,249,919
Less: Friends of NRA direct benefit expenses						(18,622,788)		(18,622,788)
	\$	14,151,374	\$	2,540,254	\$	4,935,503	\$	21,627,131

Statements of Functional Expenses

	2020							
		Program		Administrative		Fundraising		Total
Grants and education	\$	18,875,480	\$		\$		\$	18,875,480
Costs of goods sold		_		_		16,220,522		16,220,522
Management fees		1,546,799		1,030,515		3,932,128		6,509,442
Occupancy		34,200		97,200		991,035		1,122,435
Other operating		300,725		92,804		1,336,524		1,730,053
Meetings and travel		221,025		5,875		440,112		667,012
Postage and shipping		447,098		6,203		495,350		948,651
Advertising and promotion		_		_		356,222		356,222
Legal, audit, taxes and fees		_		1,707,629		485,472		2,193,101
Depreciation and amortization		15,524		52,680		98,191		166,395
Printing and publications		4,087		26,929		91,683		122,699
Office supplies and services		84,886		33,362		167,598		285,846
Total expenses		21,529,824		3,053,197		24,614,837		49,197,858
Less: Friends of NRA direct benefit expenses						(19,388,668)		(19,388,668)
	\$	21,529,824	\$	3,053,197	\$	5,226,169	\$	29,809,190

Statements of Cash Flows

AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		.
Change in net assets	\$ 18,772,930	\$ 4,009,336
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization and depreciation	57,309	166,395
Provision for losses on pledges, contributions and accounts receivable	317,025	262,500
Provision for losses (gains) on inventory	170,461	(90,531)
Provision for gains on other assets	(26,000)	(151,000)
Donated assets, museum collections	(233,550)	(19,950)
Donated assets, securities with and without donor restrictions	(189,261)	(138,168)
Contributions restricted for investment in endowment	(619,582)	(291,874)
Net realized and unrealized gain on investments	(10,162,951)	(6,254,719)
(Decrease) increase in discount on pledges receivable	(4,385)	26,030
Increase in value of split interest agreements	(93,993)	(114,452)
Changes in assets and liabilities:		
Decrease in pledges and contributions receivable	1,096,084	329,949
Decrease (increase) in accounts receivable	3,311,404	(2,752,319)
Decrease in inventory	2,162,387	3,929,131
(Increase) decrease in other assets	(15,381)	89,992
(Decrease) increase in accounts payable and accrued liabilities	(578,029)	176,241
Increase in due to affiliates	41,462	4,591,609
(Decrease) increase in grants payable	(1,577,879)	2,054,357
Total adjustments	(6,344,879)	1,813,191
Net cash provided by operating activities	12,428,051	5,822,527

Statements of Cash Flows (Cont.)

AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from investing activities:		
Purchases of investments	\$ (5,388,338)	\$ (28,438,236)
Proceeds from sale of investments	6,939,252	31,964,862
Net cash provided by investing activities	1,550,914	3,526,626
Cash flows from financing activities: Proceeds from split interest agreements	65,818	26,180
Proceeds from contributions restricted for:		
Investment in endowment	619,582	291,874
Investments subject to new annuity agreements	_	56,867
Payments on annuity obligations	(229,775)	(231,285)
Net cash provided by financing activities	455,625	143,636
Net increase in cash and cash equivalents	14,434,590	9,492,789
Cash and cash equivalents, at beginning of year	18,109,448	8,616,659
Cash and cash equivalents, at end of year	\$ 32,544,038	\$ 18,109,448

Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies

The NRA Foundation, Inc. (the Foundation) is a non-profit organization incorporated in 1990 under the laws of the District of Columbia. The Foundation is organized to be operated exclusively in support of charitable, scientific and educational purposes. The Foundation is supported primarily by volunteer-driven *Friends of NRA* fundraising events and other charitable contributions.

The vision of the NRA Foundation is to provide lasting financial stability for the NRA's programs, teaching the safe and responsible use of firearms in a free society and the understanding of one simple truth – that personal freedom must be preserved by the right of individuals to keep and bear arms.

BASIS OF PRESENTATION

The financial statements of the Foundation have been prepared on the accrual basis and in conformity with accounting principles generally accepted in the United States of America which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amount of revenue and other support and expenses during the reporting period. Actual results could differ from those estimates.

CLASSIFICATION OF NET ASSETS

To identify the observance of limitations and restrictions placed on the use of the resources available to the Foundation, the accounts of the Foundation are maintained in two separate classes of net assets: without donor restrictions, and with donor restrictions, based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions represent resources that are not restricted by donor-imposed stipulations. They are available for support of the Foundation's general operations.

Net assets with donor restrictions represent contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations. Some of these restrictions are temporary in that they either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

CASH AND CASH EQUIVALENTS

The Foundation considers all highly liquid investments purchased with a maturity of three months or less at the date of purchase to be cash equivalents.

CONCENTRATION OF CREDIT RISK

The Foundation maintains a cash balance in excess of federally insured limits in an interest-bearing account. The Foundation's policy is to deposit funds only in financially sound institutions. Nevertheless, these deposits are subject to some degree of credit risk. Investments are maintained in financial institutions. Accounts receivable primarily represent funds due to the Foundation for contributions and from *Friends of NRA* events and committees.

The Foundation invests in a professionally managed portfolio that primarily contains money market funds, equity securities, and fixed income securities. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in value of such investments, it is at least reasonably possible that changes in risk in the near term would materially affect investment balances and the amounts reported in the financial statements.

INVESTMENTS

Investments consist primarily of money market funds, equity securities, and fixed income securities which are carried at fair value, as determined by an independent market valuation service using the closing prices at the end of the period. In calculating realized gains and losses, the cost of securities sold is determined by the specific-identification method. To adjust the carrying value of the investments to their fair value, the change in fair value is included in revenue and other support in the statements of activities.

PLEDGES AND CONTRIBUTIONS RECEIVABLE

Unconditional pledges and contributions receivable consist of irrevocable and measurable bequest proceeds due to the Foundation and donor promises to give in future periods, usually over a period of one to ten years. Pledges due in more than one year are recorded at the present value of estimated cash flows, discounted by rates of 0.16% to 2.80% for the years ended December 31, 2021 and December 31, 2020. An allowance for uncollectible pledges and contributions receivable is provided based upon management's

judgment of potential defaults.

ACCOUNTS RECEIVABLE

Accounts receivable consist of start-up funds and current year event proceeds due from *Friends of NRA* committees. Start-up funds are advanced to each new *Friends of NRA* committee and are returned to the Foundation only upon dissolution of the committee.

INVENTORY

Inventory consists primarily of artwork and shooting sports and hunting supplies to be utilized at *Friends of NRA* fundraising events. Inventory is stated at the lower of cost or net realizable value, with cost determined using the first-in, first-out method. Adjustments are made to reduce the inventory to net realizable value in the case of obsolescence.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for maintenance and repairs, which do not prolong the useful lives of the assets, are expensed. Depreciation is computed on the straight-line method over the assets' estimated useful lives. Building improvements are depreciated over useful lives of 20 years, other property and equipment is depreciated over two to 10 years. The Foundation capitalizes fixed assets greater than \$2,000.

MUSEUM COLLECTIONS

The Foundation has capitalized its museum collections, consisting principally of donated firearms, since its inception. If purchased, items accessioned into the collection are capitalized at cost, and if donated they are capitalized at their appraised value or fair value on the accession date. Gains or losses on the deaccession of collection items are classified in the statements of activities as with donor restrictions or without donor restrictions depending on the donor restriction, if any, placed on the item at the time of accession. Provisions are made to reduce museum collections to net realizable value. Museum collections are not depreciated, as the Foundation takes appropriate measures to perpetually preserve their cultural and historic value.

Museum collections donated prior to 2001 were gifted without restriction, therefore proceeds from the sale of those collection items are considered unrestricted.

Beginning in 2001, donations of museum collections were received with restrictions limiting action related to the gifted item to inclusion in museum collections or sale of the item with proceeds added to the Foundation's National Firearms Museum Endowment

(the Endowment). As such, donations of museum collections for 2001 and later are considered permanently restricted. Earnings on the Endowment are used to purchase additional collection items and for the direct care of existing collections. The Foundation defines direct care of collections as any activity that involves the protection and preservation of the collection.

SPLIT INTEREST AGREEMENTS

The Foundation is the beneficiary under several split interest agreements in the form of charitable lead trust and charitable remainder unitrust agreements. Under terms of the agreements, the Foundation has the irrevocable right to receive the annual payments during the life of the lead trust and/or remaining trust assets upon termination of the remainder trusts. Split interest agreements are recorded as an asset based on the actuarially computed fair value and adjusted as of the end of each year. The difference between the amount received for the agreement and its actuarially computed value at each year end is recorded as changes in present value of split interest agreement. Split interest agreements due in more than one year have been recorded at the present value of estimated cash flows. The discount rate applied ranged from 1.52% to 1.94% for the year ended December 31, 2021 and 0.93% to 1.45% for the year ended December 31, 2020, and incorporated future life expectancies ranging from 8 to 16 years for the year ended December 31, 2021 and 9 to 17 years for the year ended December 31, 2020.

ANNUITIES PAYABLE

Donors have established and funded gift annuity contracts. Under terms of the contracts, the Foundation has the irrevocable right to receive the remaining contract assets upon termination of the contract. Amounts payable under annuity contracts are recorded as a liability based on the actuarially computed value at the time of gift. The difference between the amount received for the contract and its actuarially computed liability is recorded as revenue. The discount rate applied ranged from 0.6% to 3.6% for the years ended December 31, 2021 and December 31, 2020.

FRIENDS OF NRA REVENUE

Proceeds from volunteer-driven *Friends of NRA* committee fundraising events, net of direct attendee benefit expenses, are recorded in the period in which the event occurs. Other costs of operating the *Friends of NRA* program are included in expenses, as appropriate. 50% of all net proceeds from the comprehensive *Friends of NRA* program and other related special fundraising activity were restricted for the purpose of the fundraising committees' associated

State Fund Committees to make grant recommendations to the Foundation's Board of Trustees. Proceeds designated to State Funds are classified as with donor restrictions until the restriction is released through subsequent grant approval by the Foundation's Board of Trustees, at which point net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The portion of revenue proceeds associated with providing direct attendee benefits is accounted for as an exchange transaction under Accounting Standards Codification (ASC) 606 - Revenue from Contracts with *Customers.* The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The nature of direct attendee benefits (whether goods or services) varies widely, is subject to change at the discretion of the Foundation, and is generally not identifiable to event attendees before the event. As a result, the Foundation has determined revenue associated with direct attendee benefits does not meet the contract criterion in ASC 606. Accordingly, revenue is recognized under such arrangements when payment is received and the Foundation is no longer obligated to provide any additional goods or services to attendees (generally, after the associated event takes place). Payments received in advance of events are recorded as liabilities until recognized.

CONTRIBUTIONS

Unconditional contributions, whether without donor restrictions or with donor restrictions, are recognized as revenue upon notification of the unconditional gift or pledge and classified in the appropriate net asset category. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Pursuant to Financial Accounting Standards Board Accounting Standards Codification 958-605-25-27 contributions received by the Foundation with the NRA as the specified beneficiary are recorded as support by the Foundation, as the Foundation and NRA are financially interrelated entities.

Pledges receivable are stated at the estimated net present value, net of an allowance for uncollectible amounts. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

OUTSTANDING LEGACIES

The Foundation is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Foundation's share of such amounts is not recorded until the Foundation has an irrevocable right to the bequest and the proceeds are measurable.

VALUATION OF LONG-LIVED ASSETS

Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets 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 cost to sell.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program services and supporting activities have been accounted for on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program, administrative, and fundraising expenses. Such allocations are determined by management on an equitable basis. Allocated expenses and the related allocation method used are as follows: management fees, meetings and travel, allocated based on time and effort; occupancy and certain other operating expenses, allocated based on square footage; depreciation and amortization, based on square footage and/or area of use; and certain printing and publications, based on area per page. Expenses not allocated are charged directly to their related functional expense categories.

GRANT PROGRAM EXPENSE

Grants are recorded as program expense in the year for which the Foundation's Board of Trustees approves the expenditure. Grants to NRA are recognized when qualifying expenses have been incurred. The

Foundation supports a wide range of firearms and safety-related public interest activities, including youth education, range development and improvements, wildlife and natural resource conservation, school security and firearm training, education and safety programs.

TAX STATUS

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and from state income taxes. In addition, the Foundation is not classified as a private foundation.

The Foundation follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Tax years from 2018 through the current year remain open for examination by tax authorities, which is the standard statute of limitations look-back period. Currently, there are no examinations in process.

Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format.

SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through April 13,2022, which is the date the financial statements were available to be issued.

2. Availability and Liquidity

The Foundation maintains a policy of structuring its financial assets to be available as its general operating

expenses come due. This includes the appropriation of income from donor restricted endowments and contributions, in satisfaction of those restrictions.

The table below represents the Foundation's financial assets and liquidity resources available to meet general expenditures within one year as of December 31, 2021 and 2020:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 32,544,038	\$ 18,109,448
Investments, excluding amounts held for affiliates	95,287,060	86,213,551
Pledges and contributions receivable available in one year, net, other than endowment pledges	1,150,375	2,147,371
Accounts receivable available in one year, net	233,461	3,551,890
Total financial assets	129,214,934	110,022,260
Less amounts not available to be used within one year:		
Net assets with donor restrictions	76,963,795	67,927,288
Financial assets not available to be used within one year	76,963,795	67,927,288
Financial assets available to meet general expenditures within one year	\$ 52,251,139	\$ 42,094,972

3. Investments

Investments, at fair value, as of December 31, 2021 and 2020 consisted of the following:

	2021	2020
Money market	\$ 1,604,672	\$ 1,767,746
Equity securities	71,900,449	65,575,752
Fixed income securities	25,444,675	22,805,000
Total	\$ 98,949,796	\$ 90,148,498

Investment income for the years ended December 31, 2021 and 2020 included the following:

	2021	2020
Realized gains, net	\$ 650,145	\$ 3,025,315
Dividends and interest	1,692,244	1,611,837
Unrealized gain, net	9,512,806	3,229,404
Total	\$ 11,855,195	\$ 7,866,556

4. Pledges and Contributions Receivable

At December 31, 2021 and 2020, donors to the Foundation have unconditionally promised to give amounts as follows:

	2021	2020
Within one year	\$ 2,255,914	\$ 3,180,328
One to five years	309,350	446,420
More than five years	168,125	202,725
	2,733,389	3,829,473
Less: discount on pledges receivable	(32,242)	(36,627)
	2,701,147	3,792,846
Less: allowance for uncollectible pledges	(1,203,000)	(893,000)
Total	\$ 1,498,147	\$ 2,899,846

Estate proceeds bequeathed and due to the Foundation in the amount of \$476,248 and \$1,461,905 were included in contributions receivable at December 31, 2021 and 2020, respectively.

Three donors combined and two donors combined represented 25.7% and 30.9% of pledges and contributions receivable as of December 31, 2021, and 2020, respectively.

5. Property and Equipment

Property and equipment as of December 31, 2021 and 2020 consist of:

	2021	2020
Buildings and improvements	\$ 777,206	\$ 777,206
Furniture, fixtures and equipment	921,102	921,102
	1,698,308	1,698,308
Less: accumulated depreciation	1,222,063	1,170,496
	\$ 476,245	\$ 527,812

Depreciation expense for the years ended December 31, 2021 and 2020 was \$51,567 and \$150,822, respectively.

6. Fair Value Measures

The Foundation follows the Codification Topic, Fair Value Measurement, which defines fair value 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: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The type of investments included in Level 1 include listed equities and listed derivatives.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. In determining the appropriate levels, the Foundation 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.

The estimated fair values of the Foundation's short-term financial instruments, including cash and equivalents, and payables arising in the ordinary course of operations, approximate their individual

carrying amounts due to the relatively short period of time between their origination and expected realization.

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy.

		2021				
Assets Equity Securities:	Total	Level 1	Level 2	Level 3		
Multi-strategy stock funds	\$ 70,796,047	\$ 70,796,047	\$ —	\$ —		
Stock funds - commodities	1,104,402	1,104,402	_	_		
Total equity securities	71,900,449	71,900,449	_	_		
Fixed income securities:						
Corporate bonds ^(a)	8,151,374	_	8,151,374	_		
U.S. Treasury & agency	3,361,676	3,361,676	_	_		
Multi-strategy bond funds	13,478,855	13,478,855	_	_		
Municipal bonds	236,059	_	236,059	_		
Global bonds	216,711	_	216,711	_		
Total fixed income securities	25,444,675	16,840,531	8,604,144	_		
Money market	1,604,672	1,604,672	_	_		
Total investments	98,949,796	90,345,652	8,604,144	_		
Split interest agreements	1,139,409		_	1,139,409		
Total assets	\$ 100,089,205	\$ 90,345,652	\$ 8,604,144	\$ 1,139,409		

		2020			
Assets Equity Securities:	Total	Level 1	Level 2	Level 3	
Multi-strategy stock funds	\$ 64,423,546	\$ 64,423,546	\$ —	\$ —	
Stock funds - commodities	1,152,206	1,152,206	_	_	
Total equity securities	65,575,752	65,575,752	_	_	
Fixed income securities:					
Corporate bonds ^(a)	8,724,110	_	8,724,110	_	
U.S. Treasury & agency	3,284,917	3,284,917	_	_	
Multi-strategy bond funds	10,341,312	10,341,312	_	_	
Municipal bonds	258,117	_	258,117	_	
Global bonds	196,544	_	196,544	_	
Total fixed income securities	22,805,000	13,626,229	9,178,771	_	
Money market	1,767,746	1,767,746	_	_	
Total investments	90,148,498	80,969,727	9,178,771	_	
Split interest agreements	1,111,234	_	_	1,111,234	
Total assets	\$ 91,259,732	\$ 80,969,727	\$ 9,178,771	\$ 1,111,234	

 $^{^{(}a)}$ Based on its analysis of the nature and risk of these investments, the Foundation has determined that presenting them as a single class is appropriate.

Money market funds, equity and fixed income securities are classified as Level 1 instruments, as they are actively traded on public exchanges.

Split interest agreements are classified as Level 3 instruments, as there is no market for the Foundation's interest in the trusts. Further, the Foundation's asset is the right to receive cash flows from the trusts, not the assets of the trusts themselves. Although the trust assets may be investments for which quoted prices in an active market are available, the Foundation does not control those investments.

Changes in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows:

	2021	2020
Purchases	\$ -	\$ —
Issues	_	_
Transfers In (Out)	(65,818)	(26,180)
Settlements	_	_
Change in value of split interest agreements	93,993	114,452

7. Net Assets with Donor Restrictions and Endowment Funds

Net assets with donor restrictions are restricted as follows:

	2021	2020		
Perpetual in nature	\$ 71,022,858	\$ 70,222,351		
Purpose restricted program awards	33,035,311	29,908,388		
Time restricted program awards	25,829,037	19,286,451		
Other, passage of time	3,598,539	3,140,610		
Total	\$ 133,485,745	\$ 122,557,800		

The Foundation follows the Codification subtopic *Reporting endowment funds*. The Codification addresses accounting issues related to guidelines in the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the National Conferences of Commissioners on Uniform State Laws in July 2006 and enacted in the Commonwealth of Virginia on July 1, 2008 and in the District of Columbia on January 23, 2008. The Foundation includes all permanent donor restricted funds in its endowments. The Management of the Foundation has interpreted UPMIFA as requiring the

preservation of the fair value of original donor restricted endowment gifts as of the date of the gift or Board designation, absent explicit donor stipulations or Board action to the contrary. As a result of this interpretation, the Foundation classifies as net assets with permanent donor restrictions (a) the original value of cash gifts donated to permanent donor restricted endowment, (b) the discounted value of future gifts promised to permanent donor restricted endowment, net of allowance for uncollectible pledges, and (c) the fair value of non-cash gifts received whereby the proceeds of any future sale are donor restricted to permanent endowment. Board designated endowment funds are classified in net assets without donor restrictions until utilized by the Foundation for the Board designated purpose. In accordance with UPMIFA, the Foundation considers 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 the Foundation and donor restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. The investment policy of the Foundation is to achieve, at a minimum, a real (inflation adjusted) total net return that exceeds spending policy requirements. Investments are diversified both by asset class and within asset classes. The purpose of diversification is to minimize unsystematic risk and to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total portfolio. The amount appropriated for expenditure ranges from 1% to 5% of the endowment fund's fair value as of the end of the preceding year, as long as the value of the endowment does not drop below the original contribution(s). From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration, as a result of unfavorable market fluctuations. In such instances, no further appropriations for expenditures are made from the donor restricted endowment until the fair value exceeds the level the donor or UPMIFA requires.

All earnings of the donor restricted endowment are reflected as net assets with donor restrictions until appropriated for expenditure in the form of program grants.

The Foundation's endowments are composed primarily of funds with donor restrictions. The changes in endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

	Year Ended December 31, 2021					
			-	With donor restrictions		Total
Endowment net assets, beginning of year	\$	60,930	\$	89,508,801	\$	89,569,731
Interest and dividends, net		209		1,160,873		1,161,082
Net appreciation		2,636		7,572,308		7,574,944
Designations and contributions		_		619,582		619,582
Amount appropriated for expenditure		(63,775)		(2,009,671)		(2,073,446)
Endowment net assets, end of year	\$	_	\$	96,851,893	\$	96,851,893

		Year Ended December 31, 2020				
	1	Without donor restrictions		With donor estrictions		Total
Endowment net assets, beginning of year	\$	1,955,346	\$	90,809,096	\$	92,764,442
Interest and dividends, net		18,387		1,160,723		1,179,110
Net (depreciation) appreciation		(96,469)		4,449,858		4,353,389
Designations and contributions		_		310,824		310,824
Amount appropriated for expenditure		(1,816,334)		(3,887,070)		(5,703,404)
Other changes				(3,334,630)		(3,334,630)
Endowment net assets, end of year	\$	60,930	\$	89,508,801	\$	89,569,731

The related assets are included in investments, museum collections and pledges and contributions receivable.

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA as of December 31, 2021 and 2020 is \$71,022,858 and \$71,156,466, respectively. Perpetually restricted endowments and related time restricted investment gains were included in net assets with donor restrictions as follows:

	2021	2020
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 72,634,223	\$ 71,894,646
Time restricted accumulated investment gains	24,217,670	17,675,085
Total donor-restricted endowment funds	\$ 96,851,893	\$ 89,569,731

8. Commitments and Contingencies

OPERATING LEASES

The Foundation leases warehouse space and equipment under operating leases, cancelable with one year's notice, with terms expiring through 2022.

Total lease expense for each of the years ended December 31, 2021 and 2020 was \$195,458.

LITIGATION AND CLAIMS

The Foundation is a defendant in an action brought by the District of Columbia Attorney General alleging violations of District of Columbia not-for-profit law. The suit does not seek monetary relief against the Foundation. Management believes the action is without merit. The Foundation is vigorously defending the case and believes there is no reasonable basis for the Foundation to be held liable. The Foundation is unaware of any other pending or potential claims on which the Foundation is likely to be found liable.

9. Related Parties

The Foundation is affiliated with the NRA by virtue of the control vested with the NRA's Board of Directors to appoint the Trustees of the Foundation. The Foundation has received certain benefits from this affiliation at no cost, among which are various administrative and support services. Management has determined that the fair value of these benefits is minimal, and accordingly, no amounts are reflected in these financial statements.

The Foundation reimburses the NRA for certain expenses, such as salaries, benefits and general operating expenses, paid by the NRA on the Foundation's behalf. These expenses totaled \$8,621,074 and \$8,585,076 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021, and 2020, \$1,373,052 and \$1,062,915, respectively, was owed to the NRA and included in due to affiliates for reimbursements and pass through funds still held by the Foundation. \$35,249,029 and \$31,531,131 of funds that are designated for the NRA as beneficiary are included in investments and net assets with donor restrictions as of December 31, 2021 and 2020.

The Foundation funded certain qualified NRA programs with grants totaling \$4,819,586 and \$5,663,860 for the years ended December 31, 2021 and 2020, respectively.

The Foundation funded certain qualified NRA Civil Rights Defense Fund programs with grant awards

totaling \$0 and \$45,875 for the years ended December 31, 2021 and 2020, respectively. The NRA Civil Rights Defense Fund returned unused grant awards totaling \$54,963 and \$20,600 for the years ended December 31, 2021 and 2020, respectively.

Endowment contributions and gift annuities benefiting NRA Civil Rights Defense Fund, NRA Freedom Action Foundation, and NRA Special Contribution Fund are pooled with Foundation investments.

The following amounts were due to affiliates at December 31:

	2021	2020
National Rifle Association	\$ (1,373,052)	\$ (1,062,915)
NRA Civil Rights Defense Fund	(2,811,462)	(2,594.308)
NRA Freedom Action Foundation	(128,955)	(107,924)
NRA Special Contribution Fund	(738,033)	(1,244,893)
Total	\$ (5,051,502)	\$ (5,010,040)

10. Covid-19 Uncertainties

As a result of the spread of COVID-19, the Foundation has experienced disruptions to daily operations. Economic uncertainties have arisen which are likely to negatively impact revenues. In 2021, the number of fundraising banquets held by the Foundation's Friends of NRA program was reduced due to COVID-19 restrictions. Other financial impacts could occur, though such potential impact is unknown at this time.



FOR INFORMATION about making a gift to The NRA Foundation, please call (877) NRA-GIVE or visit www.nrafoundation.org.

To make your **tax-deductible contribution**, please make checks payable to NRA Foundation and mail to NRA Foundation, 11250 Waples Mill Road, VA 22030, or make an online contribution through our secure server by visiting us online at www.nrafoundation.org





All rights reserved, including the right to reproduce this book or portions thereof.

Printed in the United States

Copyright © 2022 by The NRA Foundation

11250 Waples Mill Road Fairfax, VA 22030



Follow us online: www.NRAFoundation.org