

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Financial Report
June 30, 2022

Contents

Independent auditor's report	1-2
------------------------------	-----

Financial statements	
Consolidated balance sheets	3
Consolidated statements of activities	4
Consolidated statements of functional expenses	5-6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8-18

Independent auditor's report on the supplementary information	19
---	----

Supplementary information	
Consolidating balance sheet	20
Consolidating statement of activities	21



Independent Auditor's Report

RSM US LLP

Board of Directors
The Brady Campaign to Prevent Gun Violence

Opinion

We have audited the 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, 2022 and 2021, 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).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brady as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Brady 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 Brady's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 Brady'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 Brady'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.

RSM US LLP

Washington, D.C.
March 9, 2023

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Balance Sheets
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 4,208,582	\$ 2,811,803
Investments	2,195,169	1,923,469
Accounts receivable, net	193,282	79,899
Promises to give, net	2,015,889	1,498,092
Prepaid expenses	26,418	54,281
Property and equipment, net	1,063,491	1,115,269
	<u>1,063,491</u>	<u>1,115,269</u>
Total assets	\$ 9,702,831	\$ 7,482,813
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 970,199	\$ 541,537
Accrued payroll and related liabilities	463,307	578,070
Refundable advances	162,277	629,530
Deferred revenue	104,040	-
Deferred rent	1,934,505	2,049,281
	<u>1,934,505</u>	<u>2,049,281</u>
Total liabilities	3,634,328	3,798,418
Commitments (Notes 9 and 13)		
Net assets:		
Without donor restrictions:		
Undesignated	2,961,579	1,480,381
Designated by the Board	356,000	356,000
	<u>3,317,579</u>	<u>1,836,381</u>
With donor restrictions:		
Time and purpose restrictions	2,615,636	1,717,040
Perpetual in nature	135,288	130,974
	<u>2,750,924</u>	<u>1,848,014</u>
Total net assets	6,068,503	3,684,395
Total liabilities and net assets	\$ 9,702,831	\$ 7,482,813

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statements of Activities Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 13,981,000	\$ 2,469,562	\$ 16,450,562	\$ 9,404,803	\$ 1,888,577	\$ 11,293,380
Donated goods and services	23,077,700	-	23,077,700	23,387,986	-	23,387,986
Events	734,882	-	734,882	542,655	-	542,655
Investment income	334	-	334	3,034	-	3,034
Other	185,140	-	185,140	45,341	-	45,341
Net assets released from restriction	1,566,652	(1,566,652)	-	1,755,663	(1,755,663)	-
Total support and revenue	39,545,708	902,910	40,448,618	35,139,482	132,914	35,272,396
Expenses:						
Program services:						
Public education	21,421,598	-	21,421,598	22,819,381	-	22,819,381
Legal action	8,404,238	-	8,404,238	6,592,653	-	6,592,653
Policy and grassroots organizing	2,502,831	-	2,502,831	1,748,042	-	1,748,042
Total program services	32,328,667	-	32,328,667	31,160,076	-	31,160,076
Supporting services:						
Fundraising	4,492,854	-	4,492,854	3,320,823	-	3,320,823
Management and general	1,242,989	-	1,242,989	1,296,630	-	1,296,630
Total supporting services	5,735,843	-	5,735,843	4,617,453	-	4,617,453
Total expenses	38,064,510	-	38,064,510	35,777,529	-	35,777,529
Change in net assets	1,481,198	902,910	2,384,108	(638,047)	132,914	(505,133)
Net assets:						
Beginning	1,836,381	1,848,014	3,684,395	2,474,428	1,715,100	4,189,528
Ending	\$ 3,317,579	\$ 2,750,924	\$ 6,068,503	\$ 1,836,381	\$ 1,848,014	\$ 3,684,395

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statement of Functional Expenses Year Ended June 30, 2022 (With Comparative Totals for 2021)

	Program Services				Supporting Services			2021 Total
	Public Education	Legal Action	Policy and Grassroots Organizing	Total Program	Fundraising	Management and General	2022 Total	
Donated services	\$ 16,220,167	\$ 6,710,323	\$ -	\$ 22,930,490	\$ 11,950	\$ -	\$ 22,942,440	\$ 23,387,986
Salaries and benefits	2,358,072	1,313,248	1,696,379	5,367,699	1,055,719	78,250	6,501,668	5,335,572
Professional fees	503,408	7,110	241,910	752,428	702,789	371,391	1,826,608	1,844,083
Advertising	1,218,544	-	77,817	1,296,361	1,156,088	-	2,452,449	1,761,760
Printing and publications	353,509	5,114	5,259	363,882	530,295	7,404	901,581	714,925
Occupancy	248,257	245,257	245,257	738,771	40,877	40,875	820,523	782,707
Technology	151,638	5,983	38,950	196,571	487,774	203,522	887,867	634,999
Postage and shipping	246,457	160	5,604	252,221	150,049	8,031	410,301	483,217
List rental	-	-	299	299	179,640	-	179,939	72,389
Travel	10,451	10,421	50,415	71,287	20,123	44,596	136,006	20,923
Meetings and conferences	1,394	1,221	22,050	24,665	60,540	9,710	94,915	44,811
Depreciation and amortization	53,219	49,477	49,477	152,173	8,247	49,575	209,995	175,904
Licenses and fees	663	2,820	2,677	6,160	32,814	322,740	361,714	224,971
Insurance	32,174	36,852	32,174	101,200	5,360	5,361	111,921	112,973
Subscriptions and dues	4,692	16,237	25,411	46,340	2,881	30,439	79,660	70,427
Other	18,953	15	9,152	28,120	47,708	71,095	146,923	109,882
	<u>\$ 21,421,598</u>	<u>\$ 8,404,238</u>	<u>\$ 2,502,831</u>	<u>\$ 32,328,667</u>	<u>\$ 4,492,854</u>	<u>\$ 1,242,989</u>	<u>\$ 38,064,510</u>	<u>\$ 35,777,529</u>

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

	Program Services			Supporting Services			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
Salaries and benefits	2,051,184	1,072,918	1,203,598	4,327,700	892,323	115,549	5,335,572
Professional fees	434,736	22,202	165,898	622,836	705,454	515,793	1,844,083
Advertising	1,104,072	-	19,674	1,123,746	638,014	-	1,761,760
Printing and publications	337,358	5,076	4,706	347,140	366,026	1,759	714,925
Occupancy	185,087	181,837	181,837	548,761	63,980	169,966	782,707
Technology	88,201	4,535	13,566	106,302	342,209	186,488	634,999
Postage and shipping	331,241	-	3,073	334,314	141,715	7,188	483,217
Travel	6,287	(8,807)	7,916	5,396	4,135	11,392	20,923
Meetings and conferences	517	-	25,000	25,517	520	18,774	44,811
Depreciation and amortization	77,256	32,358	32,358	141,972	11,385	22,547	175,904
Licenses and fees	555	2,145	1,152	3,852	36,058	185,061	224,971
Insurance	27,805	32,256	27,805	87,866	9,784	15,323	112,973
Subscriptions and dues	3,503	15,408	36,558	55,469	672	14,286	70,427
List rental	-	-	-	-	72,389	-	72,389
Other	16,194	124	24,901	41,219	36,159	32,504	109,882
	<u>\$ 22,819,381</u>	<u>\$ 6,592,653</u>	<u>\$ 1,748,042</u>	<u>\$ 31,160,076</u>	<u>\$ 3,320,823</u>	<u>\$ 1,296,630</u>	<u>\$ 35,777,529</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, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 2,384,108	\$ (505,133)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	209,995	175,904
Donation of website	(135,269)	-
Unrealized and realized loss (gain) on investments	411	(1,861)
Increase in allowance for doubtful accounts	15,019	15,206
Increase in discount on promises to give	44,209	7,752
Deferred rent	(114,776)	(35,237)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(113,383)	254,189
Promises to give	(577,025)	(112,915)
Prepaid expenses	27,863	150,553
Increase (decrease) in:		
Accounts payable	428,662	21,955
Accrued payroll and related liabilities	(114,763)	156,774
Deferred revenue	104,040	-
Refundable advances	(467,253)	(65,470)
Net cash provided by operating activities	1,691,838	61,717
Cash flows from investing activities:		
Purchase of investments	(639,715)	(288,529)
Proceeds from sales of investments	367,604	829,000
Purchase of property and equipment	(22,948)	(160,470)
Net cash (used in) provided by investing activities	(295,059)	380,001
Net increase in cash and cash equivalents	1,396,779	441,718
Cash and cash equivalents:		
Beginning	2,811,803	2,370,085
Ending	\$ 4,208,582	\$ 2,811,803
Supplemental schedule of noncash investing activity:		
Donation of website	\$ 135,269	\$ -

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Brady Campaign to Prevent Gun Violence and Affiliates is comprised of three entities: The Brady Campaign to Prevent Gun Violence (the Campaign), the Brady Center to Prevent Gun Violence (the Center) and the Brady Voter Education Fund (the Voter Education Fund) (collectively, Brady). Brady is a nonprofit organization incorporated on January 9, 1974, in Washington, D.C. The general purpose of Brady is to work for a reduction of gun violence in our society.

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

The Brady Voter Education Fund is a separate segregated fund as defined by the IRC in Sec. 527(f)(3) and is exempt from federal income except on its earnings from investments. There were no tax expenses incurred for the years ended June 30, 2022 and 2021.

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, 2022 and 2021, Brady has entered into formal affiliation agreements with 47 of the chapters. The financial activities of those chapters are consolidated with Brady. Assets of those chapters totaled approximately \$91,000 and \$81,000 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, 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

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.

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, 2022 and 2021, management recorded an allowance for doubtful accounts of \$31,250 and \$16,231, 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 \$3,000 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, 2022 and 2021.

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 was also included as a conditional contribution during the year ended June 30, 2021.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

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

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

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

Conditional contributions and grants are generally recognized as qualified costs are incurred or when scheduled deliverables are met. Amounts received in excess of costs incurred are recorded as refundable advances until earned. Reimbursable grant costs incurred in excess of funds received are recorded as receivables. When the conditions have been met, the revenue is recorded as donor restricted net assets with a respective release.

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. The receivable due from contracts with customers total \$113,591, \$0 and \$123,467 as of June 30, 2022, 2021 and 2020, respectively. Deferred revenue amounts from contracts with customers as of June 30, 2022, 2021 and 2020, total \$104,039, \$0 and \$0, respectively.

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.

Donated goods and services: 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.

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.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

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

Advertising: Costs are expensed as incurred. Total advertising expenses for the years ended June 30, 2022 and 2021, were \$2,452,449 and \$1,761,760, respectively.

Use of estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. 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 July 2020, the Financial Accounting Standards Board (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 periods beginning after June 15, 2022. The ASU was adopted during the year ended June 30, 2022, resulting in expanded disclosures.

Upcoming 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 sheets 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 statements 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.

Reclassifications: Certain items in the June 30, 2021, comparative information have been reclassified to conform to the June 30, 2022, consolidated financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

Subsequent events: Brady has evaluated subsequent events through March 9, 2023, the date on which the consolidated financial statements were available to be issued.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

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, 2022 and 2021, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 4,208,582	\$ 2,811,803
Investments	2,195,169	1,923,469
Accounts receivable, net	193,282	79,899
Promises to give, net	2,015,889	1,498,092
Total financial assets available	8,612,922	6,313,263
Promises to give scheduled to be collected in more than one year	(572,533)	(427,676)
Amounts designated by the Board	(356,000)	(356,000)
Donor-imposed restrictions for specific purposes	(835,035)	(349,922)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,849,354</u>	<u>\$ 5,179,665</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.

Note 3. Promises to Give

Promises to give at their net present value, based on a discount rate of 7.80% and 3.86%, respectively, consist of the following at June 30, 2022 and 2021:

	2022	2021
Due in less than one year	\$ 1,343,356	\$ 1,070,416
Due in one to five years	759,000	462,667
	2,102,356	1,533,083
Less allowance for doubtful accounts	31,250	16,231
Less present value discount	55,217	18,760
	<u>\$ 2,015,889</u>	<u>\$ 1,498,092</u>

During the year ended June 30, 2022, Board members contributed \$7,500, all of which was outstanding at June 30, 2022. 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, 2022, Brady collected \$212,890 of the balance that was outstanding at June 30, 2021. The total outstanding as of June 30, 2022, was \$312,360.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 4. Investments

Investments at June 30, 2022 and 2021, consist of the following:

	2022	2021
Money market funds	\$ 1,653,372	\$ 1,653,432
Certificate of deposits	208,678	208,133
Cash and cash equivalents	333,119	61,904
	<u>\$ 2,195,169</u>	<u>\$ 1,923,469</u>

Investment income for the years ended June 30, 2022 and 2021, consist of the following:

	2022	2021
Interest and dividends	\$ 745	\$ 1,173
Unrealized and realized (loss) gain on investments	(411)	1,861
	<u>\$ 334</u>	<u>\$ 3,034</u>

There were no assets subject to fair value measurement at June 30, 2022 and 2021. The fair value of investments approximates cost. There were no liabilities incurred by Brady subject to fair value measurement at June 30, 2022 and 2021.

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at June 30, 2022 and 2021, and depreciation and amortization expense for the years ended June 30, 2022 and 2021, are as follows:

Asset Category	Estimated Useful Lives (in Years)	2022			
		Cost	Accumulated Depreciation	Net	Depreciation and Amortization
Furniture and fixtures	5-7	\$ 547,503	\$ 468,676	\$ 78,827	\$ 17,833
Leasehold improvements	12	1,311,168	680,896	630,272	129,754
Website	3	991,474	637,082	354,392	62,408
		<u>\$ 2,850,145</u>	<u>\$ 1,786,654</u>	<u>\$ 1,063,491</u>	<u>\$ 209,995</u>

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>

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 6. Refundable Advances

Grants: There was one grant with conditional amounts totaling \$1,804,000 for the year ended June 30, 2022, of which \$312,000 was received in cash and \$162,277 was included in refundable advances at June 30, 2022. There was one grant with conditional amounts totaling \$100,000 for the year ended June 30, 2021, of which \$50,000 was included in refundable advances at June 30, 2021.

PPP Loan: 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).

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 7. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2022, are as follows:

	Balance June 30, 2021	Additions	Transferred	Released	Balance June 30, 2022
Purpose restricted:					
California Fund	\$ 5,928	\$ -	\$ -	\$ (50)	\$ 5,878
California Wellness	-	130,000	350,000	(269,654)	210,346
Combatting Gun Crime in Chicago	25,094	375,000	25,000	(145,307)	279,787
End Family Fire	-	149,723	50,000	(199,723)	-
Great Lakes Legal Action	95,242	-	-	(95,242)	-
Government Transparency	-	75,000	-	(31,921)	43,079
Impact Fund	49,820	-	-	(2,163)	47,657
Public Interest Fellowship Program	-	19,500	-	(6,500)	13,000
Milwaukee Crime Guns	25,000	-	-	(25,000)	-
Pilot Education Collective	17,864	-	-	(17,864)	-
Team Enough	-	100,000	-	(100,000)	-
	<u>218,948</u>	<u>849,223</u>	<u>425,000</u>	<u>(893,424)</u>	<u>599,747</u>
Time restricted	1,498,092	1,616,025	(425,000)	(673,228)	2,015,889
Perpetual and related earnings	130,974	4,314	-	-	135,288
	<u>\$ 1,848,014</u>	<u>\$ 2,469,562</u>	<u>\$ -</u>	<u>\$ (1,566,652)</u>	<u>\$ 2,750,924</u>

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 7. Net Assets With Donor Restrictions (Continued)

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 Impact Fund	37,653 49,820	- -	75,000 -	(87,559) -	25,094 49,820
	176,031	300,000	375,000	(632,083)	218,948
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>

Transfers represent cash receipts from outstanding pledge balances. During the years ended June 30, 2022 and 2021, the time restricted balance includes \$100,000 and \$450,000, respectively, that is also restricted for purpose.

Note 8. 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

Note 8. 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.

An underwater endowment occurs when the fair value of the fund at the reporting date is less than either the original gift amount or the amount required to be maintained by the donor or UPMIFA. In the event that this were to occur, Brady would forgo its spending policy until the fair value exceeded the requirements.

The changes in the endowment net assets for the years ended June 30, 2022 and 2021, are as follows:

	2022		
	Purpose Restriction	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ -	\$ 130,974	\$ 130,974
Contributions	-	4,314	4,314
Investment income	-	-	-
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 135,288</u>	<u>\$ 135,288</u>

	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>

Note 9. 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, 2022 and 2021.

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 9. 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.

Rent expense for the years ended June 30, 2022 and 2021, was \$820,523 and \$782,707, respectively.

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

Years ending June 30:	
2023	\$ 942,847
2024	966,439
2025	990,601
2026	1,015,378
2027	1,040,762
Thereafter	3,754,316
	<u>\$ 8,710,343</u>

Note 10. Donated Goods and Services

Brady receives contributions of services from businesses and other organizations toward the fulfillment of program objectives and general operations. A large portion of these services relate to advertising and media services to promote Brady's mission as well as pro bono legal services for the various mission based legal activity in which Brady is involved. The services are provided by firms and individuals that have significant technical experience in the advertising, consulting and legal industries. These services are valued at the fair value on the date of donation based on the normal billing rates of the donating organizations. Event supplies are valued based on the amount it would have cost Brady to obtain the goods had they not been donated. The goods and services are not monetized and used in the normal course of business when provided.

Brady recognized total donated services revenue of \$23,077,700 and \$23,387,986 with a corresponding expense or asset recorded during the years ended June 30, 2022 and 2021, respectively. The amount received can be broken down into the following categories:

	2022	2021
Advertising and media	\$ 16,220,167	\$ 18,155,385
Legal services	6,710,323	5,232,601
Website	135,269	-
Event supplies	11,941	-
	<u>\$ 23,077,700</u>	<u>\$ 23,387,986</u>

The Brady Campaign to Prevent Gun Violence and Affiliates

Notes to Consolidated Financial Statements

Note 11. Allocation of Joint Costs

During the years ended June 30, 2022 and 2021, Brady incurred joint costs of \$2,462,309 and \$1,630,004, respectively, for informational materials and activities that included fund raising appeals. These costs were allocated as follows:

	2022	2021
Public education	\$ 1,378,062	\$ 990,826
Fundraising	1,084,247	639,178
	<u>\$ 2,462,309</u>	<u>\$ 1,630,004</u>

Note 12. Retirement Plan

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 \$110,000 and \$118,011 during the years ended June 30, 2022 and 2021, respectively.

Note 13. Commitment

Brady entered into an employment agreement with the current President effective December 2019 and renews annually unless terminated by either party. The employment agreement includes severance for four months after the date of termination if the termination is without cause.



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, 2022 and 2021, 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.
March 9, 2023

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidating Balance Sheet June 30, 2022

	The Brady Campaign to Prevent Gun Violence	The Brady Center to Prevent Gun Violence	The Brady Voter Education Fund	Eliminating Entries	Total
Assets					
Cash and cash equivalents	\$ 1,906,988	\$ 2,295,642	\$ 5,952	\$ -	\$ 4,208,582
Investments	112,386	2,082,783	-	-	2,195,169
Accounts receivable, net	69,951	122,509	822	-	193,282
Promises to give, net	-	2,015,889	-	-	2,015,889
Prepaid expenses	12,590	13,828	-	-	26,418
Due from related party	3,250	3,026,737	-	(3,029,987)	-
Property and equipment, net	937,420	126,071	-	-	1,063,491
Total assets	\$ 3,042,585	\$ 9,683,459	\$ 6,774	\$ (3,029,987)	\$ 9,702,831
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 277,631	\$ 692,568	\$ -	\$ -	\$ 970,199
Accrued payroll and related liabilities	40,000	423,307	-	-	463,307
Due to related party	3,026,737	-	3,250	(3,029,987)	-
Refundable advances	-	162,277	-	-	162,277
Deferred revenue	-	104,040	-	-	104,040
Deferred rent	1,934,505	-	-	-	1,934,505
Total liabilities	5,278,873	1,382,192	3,250	(3,029,987)	3,634,328
Net (deficit) assets:					
Without donor restrictions:					
Undesignated	(2,242,166)	5,200,221	3,524	-	2,961,579
Designated by the Board	-	356,000	-	-	356,000
	(2,242,166)	5,556,221	3,524	-	3,317,579
With donor restrictions:					
Time and purpose restrictions	5,878	2,609,758	-	-	2,615,636
Perpetual in nature	-	135,288	-	-	135,288
	5,878	2,745,046	-	-	2,750,924
Total net (deficit) assets	(2,236,288)	8,301,267	3,524	-	6,068,503
Total liabilities and net assets	\$ 3,042,585	\$ 9,683,459	\$ 6,774	\$ (3,029,987)	\$ 9,702,831

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidating Statement of Activities Year Ended June 30, 2022

	The Brady Campaign to Prevent Gun Violence	The Brady Center to Prevent Gun Violence	The Brady Voter Education Fund	Eliminating Entries	Consolidated Total
Support and revenue:					
Contributions	\$ 5,608,619	\$ 10,841,943	\$ -	\$ -	\$ 16,450,562
Donated goods and services	241,189	22,836,511	-	-	23,077,700
Events	-	734,882	-	-	734,882
Investment income (loss)	537	(203)	-	-	334
Other	51,549	245,932	-	(112,341)	185,140
Total support and revenue	5,901,894	34,659,065	-	(112,341)	40,448,618
Expenses:					
Program services:					
Public education	995,724	20,425,874	-	-	21,421,598
Legal action	335,150	8,069,088	-	-	8,404,238
Policy and grassroots organizing	728,151	1,774,680	-	-	2,502,831
Total program services	2,059,025	30,269,642	-	-	32,328,667
Supporting services:					
Fundraising	2,598,887	1,893,967	-	-	4,492,854
Management and general	559,433	795,532	365	(112,341)	1,242,989
Total supporting services	3,158,320	2,689,499	365	(112,341)	5,735,843
Total expenses	5,217,345	32,959,141	365	(112,341)	38,064,510
Change in net assets	684,549	1,699,924	(365)	-	2,384,108
Net assets (deficit):					
Beginning	(2,920,837)	6,601,343	3,889	-	3,684,395
Ending	\$ (2,236,288)	\$ 8,301,267	\$ 3,524	\$ -	\$ 6,068,503