The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Financial Report
June 30, 2017

Contents

Independent Auditor's Report

To the Board of Directors
The Brady Campaign to Prevent Gun Violence

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of The Brady Campaign to Prevent Gun Violence and Affiliates (collectively, Brady), which comprise the consolidated balance sheets as of June 30, 2017 and December 31, 2015, the related consolidated statements of activities, functional expenses and cash flows for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate In the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Brady Campaign to Prevent Gun Violence and Affiliates as of June 30, 2017 and December 31, 2015, and the changes in their net assets and their cash flows for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Board retroactively adopted the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The adoption of this standard resulted in additional footnote disclosures and significant changes to classification of net assets and the disclosures related to net assets. Our opinion is not modified with respect to this matter.

RSM US LLP

Washington, D.C.
June 4, 2018

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Balance Sheets
June 30, 2017 and December 31, 2015

		2017		2015
Assets				
Cash and cash equivalents	**$**	**1,947,569**	$	2,744,409
Accounts receivable, net		**69,918**		5,592
Promises to give, net		**513,937**		178,247
Prepaid expenses		**232,733**		132,196
Investments		**1,165,486**		1,197,661
Property and equipment, net		**911,906**		1,293,041
Total assets	**$**	**4,841,549**	$	5,551,146
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	**$**	**515,829**	$	500,890
Deferred revenue		**110,975**		8,632
Deferred rent		**1,546,978**		1,679,383
Loan payable		**603,274**		592,829
Total liabilities		**2,777,056**		2,781,734
Commitments (Note 10)				
Net assets:				
Without donor restrictions:				
Undesignated		**190,306**		1,316,309
Designated by the Board		**101,074**		101,074
		291,380		1,417,383
With donor restrictions:				
Time and purpose restrictions		**1,642,863**		1,221,779
Perpetual in nature		**130,250**		130,250
Total net assets		**2,064,493**		2,769,412
Total liabilities and net assets	**$**	**4,841,549**	$	5,551,146

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statements of Activities
For the Period January 1, 2016 through June 30, 2017
and Year Ended December 31, 2015

	2017			2015		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	**$ 10,070,893**	**$ 766,153**	**$ 10,837,046**	$ 7,456,929	$ 197,492	$ 7,654,421
Donated services	**13,600,854**	**-**	**13,600,854**	2,251,062	-	2,251,062
Events	**1,405,986**	**-**	**1,405,986**	1,097,613	-	1,097,613
Investment income	**1,031**	**14,553**	**15,584**	620	42,482	43,102
Other	**255,816**	**-**	**255,816**	10,097	-	10,097
Government, state and local grants	**-**	**-**	**-**	3,000	-	3,000
Net assets released from restriction	**359,622**	**(359,622)**	**-**	72,441	(72,441)	-
Total support and revenue	**25,694,202**	**421,084**	**26,115,286**	10,891,762	167,533	11,059,295
Expenses:						
Program services:						
Public education	**3,153,403**	**-**	**3,153,403**	1,905,250	-	1,905,250
Legal action	**14,826,478**	**-**	**14,826,478**	3,135,925	-	3,135,925
Legislation	**2,756,307**	**-**	**2,756,307**	1,407,919	-	1,407,919
Total program services	**20,736,188**	**-**	**20,736,188**	6,449,094	-	6,449,094
Supporting services:						
Fundraising	**4,301,147**	**-**	**4,301,147**	2,962,011	-	2,962,011
Management and general	**1,782,870**	**-**	**1,782,870**	2,188,248	-	2,188,248
Total supporting services	**6,084,017**	**-**	**6,084,017**	5,150,259	-	5,150,259
Total expenses	**26,820,205**	**-**	**26,820,205**	11,599,353	-	11,599,353
Change in net assets	**(1,126,003)**	**421,084**	**(704,919)**	(707,591)	167,533	(540,058)
Net assets:						
Beginning	**1,417,383**	**1,352,029**	**2,769,412**	2,124,974	1,184,496	3,309,470
Ending	**$ 291,380**	**$ 1,773,113**	**$ 2,064,493**	$ 1,417,383	$ 1,352,029	$ 2,769,412

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statement of Functional Expenses
For the Period January 1, 2016 through June 30, 2017
(With Comparative Totals for the Year Ended December 31, 2015)

	Program Services				Supporting Services			
	Public Education	Legal Action	Legislation	Total Program	Fund Raising	Management and General	Total 2017	Total 2015
Donated services	$ 300,225	$ 12,871,230	$ 420,500	$ 13,591,955	$ 5,000	$ 3,899	$ 13,600,854	$ 2,251,062
Salaries and benefits	391,098	1,272,638	1,307,152	2,970,888	1,126,093	667,830	4,764,811	3,722,927
Professional fees	591,715	204,404	359,897	1,156,016	979,965	205,377	2,341,358	1,040,040
Printing and publications	910,535	4,660	59,373	974,568	663,225	55,382	1,693,175	1,409,943
Occupancy	214,631	214,631	214,631	643,893	195,119	136,584	975,596	654,106
Technology and communications	140,381	22,127	31,754	194,262	400,074	85,796	680,132	464,589
Postage and shipping	366,901	2,279	5,882	375,062	256,760	4,863	636,685	504,629
Depreciation	102,062	85,302	85,302	272,666	77,548	54,282	404,496	245,774
Meetings and conferences	2,058	16,632	66,327	85,017	279,499	35,294	399,810	392,166
Travel	9,115	53,241	116,703	179,059	64,978	117,014	361,051	222,798
Licenses and fees	-	6,054	3,241	9,295	3,639	219,333	232,267	149,017
Insurance	31,562	35,563	31,562	98,687	28,693	20,087	147,467	92,424
Advertising	86,231	3,098	10,787	100,116	14,310	9,432	123,858	102,436
Subscriptions and dues	4,587	28,053	14,221	46,861	15,238	51,964	114,063	79,986
List rental	-	-	-	-	113,274	-	113,274	88,652
Telephone	2,284	5,120	11,366	18,770	5,019	35,813	59,602	49,036
Equipment repairs	-	987	684	1,671	45,153	4,883	51,707	49,606
Supplies	18	454	5,277	5,749	8,010	29,033	42,792	39,604
Taxes	-	-	948	948	-	26,168	27,116	21,283
Bad debts	-	-	-	-	19,550	-	19,550	14,004
Other	-	5	10,700	10,705	-	19,836	30,541	5,271
Total expenses	$ 3,153,403	$ 14,826,478	$ 2,756,307	$ 20,736,188	$ 4,301,147	$ 1,782,870	$ 26,820,205	$ 11,599,353

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services				Supporting Services		
	Public Education	Legal Action	Legislation	Total Program	Fund Raising	Management and General	Total
Salaries and benefits	$ 623,654	$ 690,651	$ 894,199	$ 2,208,504	$ 822,387	$ 692,036	$ 3,722,927
Donated services	3,100	2,226,439	-	2,229,539	-	21,523	2,251,062
Printing and publications	718,327	21,280	71,541	811,148	546,375	52,420	1,409,943
Professional fees	25,002	11,523	121,647	158,172	535,399	346,469	1,040,040
Occupancy	80,722	72,338	65,823	218,883	62,004	373,219	654,106
Postage and shipping	287,172	456	1,640	289,268	213,304	2,057	504,629
Technology and communications	53,691	57	5,139	58,887	279,038	126,664	464,589
Meetings and conferences	19,483	3,615	90,830	113,928	267,824	10,414	392,166
Depreciation	8,393	14,688	23,164	46,245	12,590	186,939	245,774
Travel	17,004	64,266	60,653	141,923	25,078	55,797	222,798
Licenses and fees	34	3,750	960	4,744	2,094	142,179	149,017
Advertising	52,850	-	30,869	83,719	2,314	16,403	102,436
Insurance	6,164	10,788	9,463	26,415	9,247	56,762	92,424
List rental	-	-	-	-	88,652	-	88,652
Subscriptions and dues	1,435	11,026	15,752	28,213	22,668	29,105	79,986
Equipment repairs	-	166	550	716	48,890	-	49,606
Telephone	3,188	4,399	7,786	15,373	4,496	29,167	49,036
Supplies	5,031	305	2,234	7,570	8,925	23,109	39,604
Taxes	-	-	5,542	5,542	-	15,741	21,283
Bad debts	-	-	-	-	10,530	3,474	14,004
Other	-	178	127	305	196	4,770	5,271
Total expenses	$ 1,905,250	$ 3,135,925	$ 1,407,919	$ 6,449,094	$ 2,962,011	$ 2,188,248	$ 11,599,353

See notes to consolidated financial statements.

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidated Statements of Cash Flows
For the Period January 1, 2016 through June 30, 2017 and
Year Ended December 31, 2015

	2017	2015
Cash flows from operating activities:		
Change in net assets	$ (704,919)	$ (540,058)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	404,496	245,774
Unrealized and realized gain on investments	(5,553)	(21,695)
(Decrease) increase in discount on promises to give	(4,960)	2,508
Loss on disposal of property and equipment	3,542	-
Bad debt expense	19,550	14,004
Deferred rent	(132,405)	79,772
Decrease (increase) in:		
Accounts receivable	(64,326)	136,899
Promises to give	(350,280)	7,582
Prepaid expenses	(100,537)	2,607
Deposits	-	38,931
(Decrease) increase in:		
Accounts payable and accrued expenses	14,939	99
Deferred revenue	102,343	(111,494)
Net cash used in operating activities	(818,110)	(145,071)
Cash flows from investing activities:		
Purchase of investments	(350,442)	(99,910)
Proceeds from sales of investments	388,170	726,144
Purchase of property and equipment	(26,903)	(126,228)
Net cash provided by investing activities	10,825	500,006
Cash flows from financing activities:		
Proceeds from loan payable	10,445	592,829
Net cash provided by financing activities	10,445	592,829
Net (decrease) increase in cash and cash equivalents	(796,840)	947,764
Cash and cash equivalents:		
Beginning	2,744,409	1,796,645
Ending	$ 1,947,569	$ 2,744,409
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 19,186	$ 4,102

See 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. During 2017, Brady changed its reporting year-end from December 31 to June 30.

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

The Brady Voter Education Fund is a separate segregated fund as defined by the IRC in Sec. 527(f)(3) and is exempt from federal income except on its earnings from investments. No income tax expense was recorded by the Brady Voter Education Fund for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015.

Subsequent to year-end, Brady formed Brady PAC which is regulated by the Federal Election Commission and requires periodic reporting and monitors contribution receipts and disbursements. Brady PAC will reinforce Brady's advocacy efforts through participation in the election process.

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 period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015, Brady has entered into formal affiliation agreements with 57 of the chapters. The financial activities of those chapters are consolidated with Brady. Assets and revenues of those chapters totaled less than $56,000 and $15,000 for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015, respectively.

A summary of Brady's significant accounting policies follows:

Basis of accounting: The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Adoption of recent accounting pronouncement: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU is effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management is adopted this guidance in its June 30, 2017 consolidated financial statements. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of nonprofit entities. Net asset classifications are reduced from three to two categories: net assets without donor restrictions and net assets with donor restrictions. The nature and amount of net assets with and without donor restrictions are included as footnote disclosures. Additional quantitative and qualitative disclosures are required to communicate information related to Brady's short term liquidity. The remaining provisions are not applicable to Brady's consolidated financial statement presentation, or were optional under past accounting guidance and were previously elected to be included in Brady's consolidated financial statements, specifically the presentation of the consolidated statements of functional expenses.

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

Principles of consolidation: The consolidated financial statements of Brady are prepared in accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations and include the accounts of the Campaign, the Center and the Voter Education Fund. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of presentation: Brady follows the accounting and reporting practices set forth in the Not-For-Profit Topic of the Accounting Standards Codification (ASC). 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 unrestricted net assets at its discretion. At June 30, 2017 and December 31 2015, the Board has designated net assets of $101,074, 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.

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 invests in a professionally managed portfolio that 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 uncertainly related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Investments: Investments are reflected at fair value, which is based on quoted market rates. To adjust the carrying value of investments, the change in fair market value is charged or credited to current operations.

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, 2017, management recorded an allowance for doubtful accounts of $4,738. At December 31, 2015, management considered all receivables collectible and determined there was no allowance for doubtful accounts necessary.

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

Promises to give: Unconditional promises to give are recognized as support in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management determines the allowance for doubtful promises to give by regularly evaluating individual promises to give and considering prior history of donors and proven collectability of past donations. Promises to give are written off when deemed uncollectible. Recoveries of promises to give previously written off are recorded when received.

Property and equipment: Brady capitalizes all property and equipment purchased with a cost of $1,000 or more. Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets.

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, 2017 and December 31, 2015.

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

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

Brady receives contributions of services from businesses and other organizations toward the fulfillment of program objectives and general operations. Those services, which are objectively measureable, have been included in both revenue and the related functional expense categories and are recorded as contributions at the fair value at the date of donation.

Events are recognized as revenue in the period in which the events occur. Amounts received in advance are recorded as deferred revenue.

Revenue from federal and non-federal grants are recognized when expenses are incurred. Amounts received in advance are considered conditional promises to give and are classified as refundable advances until expended for the purposes of the grants.

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

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct costs associated with specific programs are recorded as program expenses. Fringe benefits are pooled and allocated based on salaries. Management and general expenses are unallocated in the consolidated statements of activities.

Advertising: Costs are expensed as incurred. Total advertising expenses for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015, were $123,858 and $102,436, respectively.

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

Income taxes: Brady is generally exempt from federal income taxes under Sections 501(c)(4), 501(c)(3) and 527(f)(3) of the U.S. IRC. In addition, the Brady Center to Prevent Gun Violence qualifies for charitable contributions deductions and has been classified as an organization that is not a private foundation. Business income, which is not related to the exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. Brady had no net unrelated business income for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015.

Management evaluated Brady's tax position and concluded that Brady has taken no uncertain tax positions that require adjustment to the consolidated financial statements. Generally, Brady is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for the years before 2014.

Recent accounting pronouncements: In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14 which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. Brady is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, 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 its consolidated financial statements.

Subsequent events: Brady evaluated subsequent events through June 4, 2018, which is the date the consolidated financial statements were available to be issued.

Note 2. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$ 1,947,569
Accounts receivable, net	69,918
Promises to give, net	513,937
Investments, net of loan payable	562,212
Total financial assets available	3,093,636
Promises to give scheduled to be collected in more than one year	(50,000)
Amounts designated by the Board	(101,074)
Donor-imposed restrictions for specific purposes	(1,534,176)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,408,386

The board-designated reserve of $101,074 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.

The majority of the donor-imposed restrictions for specific purposes is related to The Pete Shields Fund, which can be appropriated for general expenditures with an affirmative vote of over 75% of Brady's Board of Directors. Perpetual donor-imposed restrictions total $130,250, are included in investments on the balance sheet, and are not available for general expenditure.

As part of liquidity management, Brady invests cash in excess of daily requirements in short-term investments. Brady receives the majority of its cash contributions and event revenue during November and December, which results in additional liquidity management challenges for the remainder of the fiscal year. Brady elected to change its year-end to a fiscal year in 2017 to assist in monitoring cash expenditures compared to its pre-approved budgeted, among other reasons. Brady assesses its operating budget and cash flow projections monthly to monitor the availability of resources to support operations.

In prior years, Brady has also utilized a margin loan from its investment portfolio to cover cash shortfalls. Subsequent to year-end, the broker sold securities to repay the outstanding balance, which has no impact on the financial assets available to meet cash needs for general expenditures within one year. However, it does eliminate the availability of the loan in the future for cash shortfalls.

Note 3. Promises to Give

Promises to give at their net present value, based on discount rates of 3.5%, consist of the following at June 30, 2017 and December 31, 2015:

	2017	2015
Due in less than one year	$ 469,719	$ 60,714
Due in one to five years	50,000	125,000
	519,719	185,714
Less allowance for doubtful accounts	3,275	-
Less present value discount	2,507	7,467
	$ 513,937	$ 178,247

Note 4. Investments

Investments at June 30, 2017 and December 31, 2015, consist of the following:

	2017	2015
Government bonds	$ 960,430	$ 954,878
Cash equivalents	-	20,727
Certificates of deposit	205,056	222,056
	$ 1,165,486	$ 1,197,661

Investment income for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015, consist of the following:

	2017	2015
Interest and dividends	$ 10,031	$ 21,407
Unrealized and realized gain on investments	5,553	21,695
	$ 15,584	$ 43,102

Note 5. Fair Value Measurements

The Fair Value Measurement Topic of the FASB ASC defines fair values as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Note 5. Fair Value Measurements (Continued)

In determining the appropriate levels, Brady performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by Brady at June 30, 2017 and December 31, 2015. There were no liabilities incurred by Brady subject to fair value measurement at June 30, 2017 and December 31, 2015.

Brady recognizes transfers between levels at the end of each year for both transfers in and out of level classification. As of January 1, 2015, the certificates of deposit were not included on the schedule; however, due to a reassessment of liquidity, the certificates of deposit have been changed to Level 2 on the schedules below. These certificates of deposit totaled $233,403 at January 1, 2015.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy at June 30, 2017 and December 31, 2015:

	2017			
	Level 1	Level 2	Level 3	Total
Fixed income funds:				
Certificates of deposit	$ -	$ 205,056	$ -	$ 205,056
Government bonds	-	960,430	-	960,430
	$ -	$ 1,165,486	$ -	$ 1,165,486

	2015			
	Level 1	Level 2	Level 3	Total
Fixed income funds:				
Certificates of deposit	$ -	$ 222,056	$ -	$ 222,056
Government bonds	-	954,878	-	954,878
	$ -	$ 1,176,934	$ -	$ 1,176,934

Brady's government bonds and certificates of deposit are priced based on their stated interest rates and quality ratings, which are observable at commonly quoted intervals for the full term of the instruments and are, therefore, considered Level 2 items.

Note 6. Property and Equipment

Property and equipment and accumulated depreciation at June 30, 2017 and December 31, 2015, and depreciation expense for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015, are as follows:

		2017			
Asset Category	Estimated Useful Lives (in Years)	Cost	Accumulated Depreciation	Net	Depreciation and Amortization
Furniture and fixtures	5-7	$ 430,730	$ 244,080	$ 186,650	$ 102,118
Leasehold improvements	12	860,751	247,335	613,416	107,594
Website	3	419,248	307,408	111,840	194,784
		$ 1,710,729	$ 798,823	$ 911,906	$ 404,496

		2015			
Asset Category	Estimated Useful Lives (in Years)	Cost	Accumulated Depreciation	Net	Depreciation and Amortization
Furniture and fixtures	5-7	$ 429,575	$ 146,628	$ 282,947	$ 77,567
Leasehold improvements	12	860,751	139,741	721,010	71,659
Website	3	346,708	112,624	234,084	96,548
		1,637,034	398,993	1,238,041	245,774
Website in progress	N/A	55,000	-	55,000	-
		$ 1,692,034	$ 398,993	$ 1,293,041	$ 245,774

Note 7. Loan Payable

During the year ended December 31, 2015, Brady entered into a margin loan arrangement with its investment brokerage firm. The loan is collateralized by Brady's investment portfolio held by Goldman Sachs in the amount of $960,430 and $954,878 at June 30, 2017 and December 31, 2015, respectively. Draws can be made at any time and are limited to the market value of the securities adjusted by broker's maintenance margins. If the equity in Brady's investment account falls below the maintenance margins, the broker reserves the right to sell securities in the account to cover the deficiency. The interest rate on the loan varies based on the daily London Interbank Offered Rate (LIBOR) plus 100 basis points (2.173% and 1.366% at June 30, 2017 and December 31, 2015, respectively). Interest expense totaled $19,186 and $4,102 for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015, respectively. At June 30, 2017 and December 31, 2015, the loan payable balance was $603,274 and $592,829, respectively. There are no specified repayment terms, but subsequent to year-end, the broker sold securities to repay the outstanding balance.

Note 8. Net Assets with Time and Purpose Restrictions

Changes in net assets with time and purpose restrictions for the period January 1, 2016 through June 30, 2017, are as follows:

	Balance January 1, 2016	Additions	Transferred	Released	Balance June 30, 2017
Purpose restricted:					
Pete Shields	$ 1,047,766	$ 14,553	$ -	$ (14,553)	$ 1,047,766
ASK Campaign	-	-	275,000	(200,070)	74,930
Public Health	-	15,000	-	(15,000)	-
Matthew Blek	-	449	-	(449)	-
California Fund	6,480	4,300	-	(4,550)	6,230
	1,054,246	34,302	275,000	(234,622)	1,128,926
Time restricted	167,533	746,404	(275,000)	(125,000)	513,937
	$ 1,221,779	$ 780,706	$ -	$ (359,622)	$ 1,642,863

Changes in net assets with time and purpose restrictions during the year ended December 31, 2015, are as follows:

	Balance December 31, 2014	Additions	Transferred	Released	Balance December 31, 2015
Purpose restricted:					
Pete Shields	$ 1,047,766	$ 42,364	$ -	$ (42,364)	$ 1,047,766
California Fund	6,480	-	-	-	6,480
Matthew Blek	-	118	-	(118)	-
	1,054,246	42,482	-	(42,482)	1,054,246
Time restricted	-	197,492	-	(29,959)	167,533
	$ 1,054,246	$ 239,974	$ -	$ (72,441)	$ 1,221,779

The Pete Shields Fund was established during 1992. Monies contributed to this fund are purpose restricted and considered a term endowment. Related income from this fund is to be used for the purpose of reducing handgun violence. The balance in the Pete Shields Fund was $1,047,766 at June 30, 2017 and December 31, 2015. The purpose of the fund is to provide a reserve for use during possible low income periods. No portion of this fund shall be appropriated for expenditure without an affirmative vote of over 75% of Brady's Board of Directors.

Transfers represent cash receipts from outstanding pledge balances.

Note 9. Endowments

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

Note 9. Endowments (Continued)

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

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

- The duration and preservation of the fund
- The purposes of Brady and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Brady
- The investment policies of Brady

Brady has adopted investment and spending 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.

All earnings for the endowment are reflected as net assets that are purpose restricted until appropriated for expenditure by Brady.

The changes in the endowment net assets for the period January 1, 2016 through June 30, 2017, are as follows:

	Purpose Restriction	Perpetual In Nature	Total
Endowment net assets, beginning of period	$ 1,047,766	$ 130,250	$ 1,178,016
Investment income	15,001	-	15,001
Amounts appropriated for expenditure	(15,001)	-	(15,001)
Endowment net assets, end of period	$ 1,047,766	$ 130,250	$ 1,178,016

The changes in the endowment net assets for the year ended December 31, 2015, are as follows:

	Purpose Restriction	Perpetual In Nature	Total
Endowment net assets, beginning of year	$ 1,047,766	$ 130,250	$ 1,178,016
Investment income	42,482	-	42,482
Amounts appropriated for expenditure	(42,482)	-	(42,482)
Endowment net assets, end of year	$ 1,047,766	$ 130,250	$ 1,178,016

Note 10. Leases

Brady has a lease agreement for headquarters office space in Washington, D.C. The 12-year lease commenced on January 1, 2014, and includes a provision for annual rent increases and adjustments for a share in operating costs.

As part of the lease agreement, the landlord provided a 12-month rent abatement for year one of the lease. In addition to the rent abatement, the landlord also agreed to a build-out allowance totaling $1,062,240 provided that at least 75% of the build-out allowance is used towards hard costs of constructing physical improvements to the space. A letter of credit in the amount of $102,711 was also established pursuant to the lease. There was no balance outstanding on the letter of credit at June 30, 2017 and December 31, 2015.

Commencing on September 1, 2013, Brady entered into a two-year lease for New York office space, and on January 21, 2015, the lease was extended through August 31, 2018, with monthly payments of $7,043. In April 2016, Brady entered into a sublease agreement for the New York space which expires August 31, 2018, with monthly payments totaling $6,290 with a 2.75% escalation clause.

Rent expense for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015, was $975,596 and $654,106, respectively.

Future minimum rental payments, net of sublease payments, under the agreements are as follows:

	Washington, D.C.	New York	New York Sublease	Total
Years ending June 30:				
2018	$ 671,861	$ 44,829	$ (38,781)	$ 677,909
2019	693,397	14,943	(12,927)	695,413
2020	715,463	-	-	715,463
2021	733,355	-	-	733,355
2022	751,710	-	-	751,710
Thereafter	2,779,684	-	-	2,779,684
	$ 6,345,470	$ 59,772	$ (51,708)	$ 6,353,534

During the year ended June 30, 2017, because of strategic planning, Brady vacated leased office space located in New York. The lease for the New York office was not terminated, and Brady is still obligated to pay rent through the end of the lease term, which is through August 31, 2018. Brady subleased the New York office space as disclosed above; however, the rental receipts to be collected from the subtenant do not fully cover the rental payments Brady is required to pay.

In accordance with ASC Topic 840-10 Leases, Brady recorded the entire loss (primary obligation less sublease payments), net of present value discount, on the original sublease of $53,565. The liability on the balance sheet is comprised of the loss as well as the balance of the deferred rent liability at the time the loss was recorded. The remaining balances net of the discount were $13,557 at June 30, 2017, and included in accounts payable and accrued expenses on the consolidated balance sheets.

The liability will be reduced over the life of the lease as the payments are made to the landlord and are received from the subtenant and as the present value discount is amortized. The cash flow and working capital impact for Brady will be spread over the remaining lease terms as payments are made and received.

Note 11. Allocation of Joint Costs

During the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015, Brady incurred joint costs of $2,119,396 and $1,345,295, respectively, for informational materials and activities that included fund raising appeals. These costs were allocated as follows:

	2017	2015
Public education	$ 1,278,831	$ 807,177
Fundraising	840,565	538,118
	$ 2,119,396	$ 1,345,295

Note 12. Retirement Plans

403(b) plan: Brady has a 403(b) pension plan (the Pension Plan) option for all eligible employees who have met the one year service requirement and have attained the age of 21 years. Employees can make voluntary contributions not to exceed the maximum allowable by the Internal Revenue Service regulations. Brady has the option to match the employees' contribution, and may also make an additional discretionary employer contribution. There were employer contributions totaling $11,011 during the period January 1, 2016 through June 30, 2017. There were no contributions during the year ended December 31, 2015.

401(k) plan: Brady has a 401(k) profit sharing plan (the PSP) covering all employees with the exception of interns and contract employees. Employees may participate in the PSP after completing one full year and 1,000 hours of service and the employee must be 21 years of age. The PSP provides for discretionary profit sharing and matching contributions up to 2% of compensation. PSP participants vest, for purposes of employer contributions, after five years of service. There were no employer contributions made to the PSP for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015.

RSM

RSM US LLP

Independent Auditor's Report on the Supplementary Information

To the 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, 2017 and December 31, 2015 and for the period January 1, 2016 through June 30, 2017 and the year ended December 31, 2015, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See page 1.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and the consolidating statement of activities are presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Washington, D.C.
June 4, 2018

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidating Balance Sheet
June 30, 2017

	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	$ 760,301	$ 1,185,802	$ 1,466	$ -	$ 1,947,569
Accounts receivable, net	57,447	12,471	-	-	69,918
Promises to give, net	-	513,937	-	-	513,937
Prepaid expenses	184,745	47,988	-	-	232,733
Due from related party	3,250	769,982	-	(773,232)	-
Investments	439,567	725,919	-	-	1,165,486
Property and equipment, net	763,271	148,635	-	-	911,906
Total assets	$ 2,208,581	$ 3,404,734	$ 1,466	$ (773,232)	$ 4,841,549
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 183,016	$ 332,813	$ -	$ -	$ 515,829
Due to related party	769,982	-	3,250	(773,232)	-
Deferred revenue	-	110,975	-	-	110,975
Deferred rent	1,546,978	-	-	-	1,546,978
Loan payable	136,909	466,365	-	-	603,274
Total liabilities	2,636,885	910,153	3,250	(773,232)	2,777,056
Net assets (deficit):					
Without donor restrictions:					
Undesignated	(434,534)	626,624	(1,784)	-	190,306
Designated by the Board	-	101,074	-	-	101,074
	(434,534)	727,698	(1,784)	-	291,380
With donor restrictions:					
Time and purpose restrictions	6,230	1,636,633	-	-	1,642,863
Perpetual in nature	-	130,250	-	-	130,250
Total net assets (deficit)	(428,304)	2,494,581	(1,784)	-	2,064,493
Total liabilities and net assets (deficit)	$ 2,208,581	$ 3,404,734	$ 1,466	$ (773,232)	$ 4,841,549

The Brady Campaign to Prevent Gun Violence and Affiliates

Consolidating Statement of Activities
Period From January 1, 2016 through June 30, 2017

	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	$ 4,057,266	6,779,780	$ -	$ -	$ 10,837,046
Donated services	425,150	13,175,704	-	-	13,600,854
Events	3,819	1,402,167	-	-	1,405,986
Investment income	5,663	9,921	-	-	15,584
Other	65,123	190,193	500	-	255,816
Total support and revenue	4,557,021	21,557,765	500	-	26,115,286
Expenses:					
Program services:					
Public education	1,661,409	1,491,994	-	-	3,153,403
Legal action	411,429	14,415,049	-	-	14,826,478
Legislation	1,553,770	1,202,537	-	-	2,756,307
Total program services	3,626,608	17,109,580	-	-	20,736,188
Supporting services:					
Fundraising	1,871,440	2,429,707	-	-	4,301,147
Management and general	633,597	1,148,967	306	-	1,782,870
Total supporting services	2,505,037	3,578,674	306	-	6,084,017
Total expenses	6,131,645	20,688,254	306	-	26,820,205
Change in net assets	(1,574,624)	869,511	194	-	(704,919)
Net assets:					
Beginning	1,146,320	1,625,070	(1,978)	-	2,769,412
Ending	$ (428,304)	$ 2,494,581	$ (1,784)	$ -	$ 2,064,493