

NATIONAL RIFLE ASSOCIATION OF AMERICA

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

as of December 31, 2024 and 2023

AND

REPORT THEREON

REPORT THEREON

NATIONAL RIFLE ASSOCIATION OF AMERICA

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Auditors	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 39

Independent Auditor's Report

To the Board of Directors
The National Rifle Association of America
Fairfax, Virginia

Opinion

We have audited the accompanying financial statements of **The National Rifle Association of America** (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2024 and 2023, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The National Rifle Association of America** as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the accompanying financial statements are those of the **National Rifle Association of America** only and are not those of the primary reporting entity. The consolidated financial statements of NRA and its affiliates have been issued as the general purpose financial statements of the reporting entity and should be read in conjunction with the parent-only statements. Our opinion is not modified with respect to this matter.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **The National Rifle Association of America's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **The National Rifle Association of America'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.

Aprio, LLP

Rockville, Maryland
March 27, 2025

NATIONAL RIFLE ASSOCIATION OF AMERICA
STATEMENTS OF FINANCIAL POSITION
as of December 31, 2024 and 2023

ASSETS

	2024	2023
Cash and cash equivalents	\$ 15,099,916	\$ 6,174,497
Restricted cash	809,541	125,001
Investments	32,507,600	72,335,444
Members' dues receivable, net	3,652,330	4,643,563
Accounts receivable, net	9,549,027	8,399,274
Due from affiliates	38,735,958	36,369,750
Inventories and supplies, net	5,614,462	6,560,354
Prepaid expenses	3,473,401	4,462,082
Property and equipment, net	22,316,572	23,316,497
Finance lease right-of-use-asset, net	1,744,657	1,085,917
Other assets	3,626,918	4,613,959
Total assets	\$ 137,130,382	\$ 168,086,338

LIABILITIES AND NET ASSETS

Accounts payable	\$ 12,861,489	\$ 13,177,401
Accrued liabilities	30,633,680	35,016,633
Finance lease liability	1,798,603	1,097,852
Note payable and lines of credit	25,559,776	49,627,891
Deferred revenue	50,572,059	47,033,398
Total liabilities	121,425,607	145,953,175
Net assets (deficit):		
Without donor restrictions		
Net assets without donor restrictions	(38,810,461)	(25,238,705)
Cumulative pension liability	(13,385,536)	(14,738,830)
Total net asset (deficit) without donor restrictions	(52,195,997)	(39,977,535)
With donor restrictions	67,900,772	62,110,698
Total net assets	15,704,775	22,133,163
Total liabilities and net assets	\$ 137,130,382	\$ 168,086,338

The accompanying notes are an integral
part of these financial statements.

NATIONAL RIFLE ASSOCIATION OF AMERICA
STATEMENTS OF ACTIVITIES
for the years ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:						
Members' dues	\$ 51,702,105	\$ -	\$ 51,702,105	\$ 61,825,078	\$ -	\$ 61,825,078
Program fees	5,000,836	-	5,000,836	5,165,462	-	5,165,462
Contributions	55,846,429	2,412,233	61,258,662	49,665,805	3,181,365	52,837,170
Contributions from interrelated entity	-	9,375,440	9,375,440	8,667,509	8,667,509	8,667,509
Advertising	18,764,180	-	18,764,180	21,451,750	-	21,451,750
Member and merchandise sales	2,212,760	-	2,212,760	2,498,710	-	2,498,710
Shows and exhibits	13,371,066	-	13,371,066	12,093,808	-	12,093,808
Investment income, net	5,671,727	1,299,626	6,971,353	3,060,837	1,049,493	3,960,837
Insurance administration fees	5,990,557	-	5,990,557	5,836,486	-	5,836,486
Other	1,866,125	-	1,866,125	5,004,763	-	5,004,763
Assets released from restrictions	11,660,817	(11,660,817)	-	12,801,152	(12,801,152)	-
Total revenue and other support	175,296,593	1,226,482	176,523,075	178,344,348	97,215	178,441,563
Expenses:						
Program services:						
Legislative programs	17,393,622	-	17,393,622	17,895,051	-	17,895,051
Publications	29,219,942	-	29,219,942	31,763,162	-	31,763,162
Public affairs	1,294,177	-	1,294,177	1,539,614	-	1,539,614
Shows and exhibits	5,881,703	-	5,881,703	5,286,659	-	5,286,659
Competitions	2,169,776	-	2,169,776	1,977,027	-	1,977,027
Education and training	3,530,499	-	3,530,499	3,469,469	-	3,469,469
Hunter services	934,411	-	934,411	574,310	-	574,310
Field services	1,424,198	-	1,424,198	1,541,099	-	1,541,099
Law enforcement	2,274,725	-	2,274,725	1,857,348	-	1,857,348
Recreational shooting	5,355,075	-	5,355,075	5,166,003	-	5,166,003
	69,576,128	-	69,576,128	71,069,762	-	71,069,762
Member services and acquisition	38,586,058	-	38,586,058	45,976,586	-	45,976,586
Administrative	45,751,631	-	45,751,631	47,213,206	-	47,213,206
Executive office	14,076,074	-	14,076,074	18,202,388	-	18,202,388
Fundraising	21,242,904	-	21,242,904	26,939,715	-	26,939,715
	189,234,785	-	189,234,785	209,401,657	-	209,401,657
Total expenses	(13,938,202)	1,226,482	(12,711,720)	(31,057,309)	97,215	(30,960,094)
Change in net assets before other changes	(5,862,400)	1,199,647	(4,662,753)	4,411,800	2,396,080	6,807,880
Unrealized (loss) gain on investments, net	6,881,918	-	6,881,918	(435,000)	-	(435,000)
Legal settlement gains (costs)	600,000	-	600,000	3,294,216	-	3,294,216
Reimbursement of legal / settlement costs	-	3,364,045	3,364,045	-	4,105,232	4,105,232
Gain on interest in interrelated entity	(1,253,072)	-	(1,253,072)	(4,963,261)	-	(4,963,261)
Net periodic pension cost other than service costs	1,353,294	-	1,353,294	(2,443,738)	-	(2,443,738)
Other net pension plan gain	(12,218,462)	-	(12,218,462)	(26,305,616)	-	(26,305,616)
Change in net assets	1,353,294	5,790,074	7,143,368	6,599,527	6,599,527	13,199,054
Net assets (deficit), beginning of year	(12,218,462)	62,110,698	49,892,236	(13,671,719)	55,511,171	41,839,452
Net assets (deficit), end of year	\$ (62,156,937)	\$ 67,900,772	\$ 5,743,835	\$ (39,977,535)	\$ 62,110,698	\$ 22,133,163

The accompanying notes are an integral part of these financial statements.

2024

2023

The accompanying notes are an integral part of these financial statements.

NATIONAL RIFLE ASSOCIATION OF AMERICA
STATEMENTS OF CASH FLOWS
for the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (6,428,388)	\$ (19,706,289)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,950,615	2,233,100
Amortization of finance lease right-of-use asset	400,459	289,652
Provision for losses on accounts receivable	2,061,941	64,061
Contributions restricted for long-term investment	(835,646)	(934,434)
Net unrealized and realized gain on investments	(1,443,069)	(8,131,736)
Net gain on pension obligation	(1,353,294)	(2,443,738)
Net loss on disposal of property and equipment	39,268	-
Net loss on disposal of right-of-use assets	41,613	-
Changes in assets and liabilities:		
Decrease in members' dues receivable, net	991,233	2,978,008
Increase in accounts receivable, net	(3,211,694)	(538,591)
Increase in due from affiliates	(2,366,208)	(5,671,342)
Decrease in inventories and supplies, net	945,892	4,052,024
Decrease (increase) in prepaid expenses	988,681	(424,665)
Decrease (increase) in other assets	987,041	(411,278)
Decrease in accounts payable	(315,912)	(2,056,972)
(Decrease) increase in accrued liabilities	(3,029,659)	5,300,207
Increase in deferred revenue	3,538,661	6,828,048
Total adjustments	(610,078)	1,132,344
Net cash used in operating activities	(7,038,466)	(18,573,945)
Cash flows from investing activities:		
Sales of investments	46,327,765	18,283,877
Purchases of investments	(5,007,563)	(14,430,218)
Purchases of property and equipment	(989,958)	(479,775)
Net cash provided by investing activities	40,330,244	3,373,884
Cash flows from financing activities:		
Principal payments on note payable	(527,928)	(506,405)
Principal payments on lines of credit	(28,000,000)	(95,426,526)
Draw downs on lines of credit and proceeds on note payable	4,459,813	101,811,721
Proceeds from life insurance policy loans	-	2,915,904
Principal payments on life insurance policy	(49,289)	(23,220)
Payments on finance lease liability	(400,061)	(277,413)
Contributions restricted for long-term investment	835,646	934,434
Net cash (used in) provided by financing activities	(23,681,819)	9,428,495
Net increase (decrease) in cash and cash equivalents and restricted cash	9,609,959	(5,771,566)
Cash and cash equivalents and restricted cash at beginning of year	6,299,498	12,071,064
Cash and cash equivalents and restricted cash at end of year	<u>\$ 15,909,457</u>	<u>\$ 6,299,498</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 1,504,588	\$ 2,619,871
Cash paid for taxes	\$ 1,053,749	\$ 1,117,541
Recognition of finance lease right-of-use asset	\$ 1,100,812	\$ 464,002
Recognition of finance lease liability	\$ 1,100,812	\$ 464,002

The accompanying notes are an integral
part of these financial statements.

NATIONAL RIFLE ASSOCIATION OF AMERICA NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The National Rifle Association of America (NRA), founded in 1871, is a not-for-profit corporation supported by the membership fees of public-minded citizens and clubs. Its primary purpose is to protect and defend the Constitution of the United States of America, especially the political, civil and inalienable rights of the American people to keep and bear arms as a common law and Constitutional right of the individual citizen.

The NRA's Board of Directors formed the Institute for Legislative Action (ILA) in 1975 as an internal division of the NRA. The purpose of ILA is to prevent the passage of laws and regulations restricting firearms ownership, as well as pursuing changes to existing restrictions imposed by federal, state and local governments. ILA is supported principally by contributions from NRA members.

On November 24, 2020, Sea Girt, LLC was formed to facilitate the NRA's efforts to reorganize in Texas. The reorganization effort was put on hold during 2021. There was no financial activity in Sea Girt, LLC for the years ended December 31, 2024 and 2023.

Basis of Presentation

The NRA publishes financial statements in the NRA's annual report that include the financial statements of certain affiliated entities, which are its primary financial statements for the years ended December 31, 2024 and 2023. These financial statements for the years ended December 31, 2024 and 2023 are not intended to be the general purpose financial statements of the NRA and have been prepared in conformity with accounting principles that would otherwise be considered a departure from accounting principles generally accepted in the United States of America because certain affiliated organizations are not consolidated.

Affiliates of the NRA whose financial activities are not included in these financial statements of the NRA include the following: the NRA Foundation, Inc. (Foundation), the NRA Civil Rights Defense Fund (CRDF), the NRA Political Victory Fund (PVF), the NRA Special Contribution Fund (SCF), the NRA Freedom Action Foundation (FAF), and the NRA Victory Fund (VF).

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 as of the date of the financial statements and the reported amounts of revenue and other support and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets

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

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

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Net assets with donor restrictions represent contributions and other inflows of assets whose use by the NRA for its programs are limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in that they either expire by passage of time or can be fulfilled and removed by actions of the NRA pursuant to those stipulations. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

Highly liquid investments, consisting principally of money market funds, under the control of the NRA's investment managers, are considered investments. However, the NRA considers any other investments with an original maturity of three months or less at the date of purchase to be cash equivalents. The NRA generally invests these excess funds in repurchase agreements for U.S. government securities. The maturity date of these repurchase agreements is the next day of business. Due to the short-term nature of these agreements, the NRA does not take possession of the securities, which are instead held by the NRA's principal bank from which it purchases the securities. The carrying value of the investments approximates fair value because of the short maturity of the agencies. The NRA believes that it is not exposed to any significant risk on its investments in repurchase agreements. Substantially all the cash and cash equivalents were held at two financial institutions in Virginia at December 31, 2024 and 2023.

	2024	2023
Cash and cash equivalents	\$ 15,099,916	\$ 6,174,497
Restricted cash	809,541	125,001
Total cash and cash equivalents and restricted cash	<u>\$ 15,909,457</u>	<u>\$ 6,299,498</u>

Concentrations of Credit Risk

The NRA maintains cash balances at two financial institutions, these balances can exceed the FDIC insured deposit limit of \$250,000 per financial institution. At December 31, 2024 and 2023, the NRA's cash balances held at the financial institutions exceeded the FDIC limit by approximately \$14,975,000 and \$4,866,000, respectively. The NRA has not experienced any losses through the date when the financial statements were available to be issued.

The NRA maintains a cash balance in excess of federally insured limits in an interest bearing account. The NRA's policy is to deposit funds only in financially sound institutions. Nevertheless, these deposits are subject to some degree of credit risk. Investments are maintained in financial institutions.

Concentrations of credit risk with respect to accounts receivable that are not collateralized are limited due to the large number of members comprising the NRA's membership base and their dispersion across many different geographies.

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

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Investments

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

Alternative investments are valued at fair value based on the applicable net asset value per share as of the measurement date, which is a practical expedient, as determined by the NRA. In determining fair value, the NRA utilizes valuations provided by the fund managers. The underlying investments value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investments, which may include private placements and other securities for which prices are not readily available, are determined by the general partner of the investment and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized.

Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the NRA's alternative investments generally represents the amount the NRA would expect to receive if it were to liquidate its investment excluding any redemption charges that may apply.

Pledges Receivable

Pledges which are considered unconditional promises to give that are expected to be collected in the future are recorded at net realizable value which is the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. In subsequent periods, the discount rate is unchanged and the valuation adjustment is reassessed and adjusted if necessary.

Members' Dues Receivable

Members' Dues receivable represent those members who elect billing plans upon joining the NRA. These dues receivable are recorded at the fair value of the total amount owed and discounted at current rates in order to determine the present value of the receivable.

Accounts Receivable

Advertising and other accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the NRA's best estimate of the amount of probable credit losses in existing accounts receivable. The NRA determines allowances based on historical write-off experience and specific identification. The allowances for doubtful accounts are reviewed monthly and accounts receivable balances are written off against the allowance when the NRA feels probable the receivable will not be recovered.

NATIONAL RIFLE ASSOCIATION OF AMERICA

NOTES TO FINANCIAL STATEMENTS

Inventories and Supplies

Inventories and supplies are stated at the lower of cost or net realizable value, with costs determined using the first-in, first-out method. Provisions are made to reduce the inventories to net realizable value in cases of obsolescence.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Donated assets are recorded at the appraised or estimated fair value at the time of donation. Expenditures for maintenance and repairs, which do not prolong the useful lives of the assets, are expensed. Depreciation is computed on the straight-line method over the assets' estimated useful lives. Buildings and improvements are depreciated over useful lives ranging from 20 to 45 years, other property and equipment is depreciated over two to ten years. The NRA capitalizes complete desktop and laptop computers greater than \$500 and all other fixed assets greater than \$1,500.

Museum Collections

The NRA has capitalized their museum collections, consisting principally of purchased firearms. The items accessioned into the collection are capitalized at cost. The NRA's museum collections are included in other assets in the statements of financial position. Museum collections are not depreciated as appropriate measures are taken to perpetually preserve their cultural and historic value.

Revenue Recognition

The NRA recognized revenue in accordance with *Revenue from Contracts with Customers* (ASC 606 or Topic 606).

The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Members' Dues

The NRA members' dues have elements of both an exchange transaction and a contribution. The magazine subscription is deemed the portion of the transaction that is an exchange transaction. The defense of the Constitutional right to keep and bear arms for citizens whether members or not, which represents the remainder of the dues, is treated as the contribution portion of the transaction. Members' dues are non-refundable.

The NRA estimates the value of the magazine subscription and recognizes revenue over the term of the membership. The remaining portion of the dues is recognized as a contribution. Contributions that are collected at the time the member joins are recognized immediately. Contributions that are expected to be collected in the future are recorded at net realizable value which is the present value of their estimated future cash flows.

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Member's Dues revenue for the years ended December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Recognized as a contribution	\$ 44,814,035	\$ 56,756,483
Exchange transaction recognized over time	6,888,071	5,068,595
Total Members' Dues	<u>\$ 51,702,106</u>	<u>\$ 61,825,078</u>

Program Fees

Program fees consist of revenues associated with competition entry fees, school, conference and workshop registration fees, training fees, association and alliance fees, and sponsorships. The NRA hosts various competitions throughout the year which include event location, referees, and support staff which are considered one performance obligation. Entry fees are collected in advance of the event and recorded as deferred revenue on the statement of financial position. The NRA has the primary duty and responsibility to fulfill the obligation of the event and therefore considered principal to the transaction. Program revenue from event-driven revenues are recognized at the point in time when the event takes place. Program revenue from instructor certifications are recognized over the period of certification.

The NRA hosts various schools, conferences and workshops throughout the year which include instructors and materials which are considered one performance obligation. Registration fees are collected in advance of the event and recorded as deferred revenue on the statement of financial position. The NRA has the primary duty and responsibility to fulfill the obligation of the event and therefore considered principal to the transaction. Revenue is recognized at the point in time when the event takes place.

The NRA offers clubs and ranges the opportunity to join an alliance of other clubs and ranges in order to gain access to recruiting, club awards, educational resources, range grants and discounts for various business expenses (such as credit card fees). The NRA sees this opportunity as one performance obligation. The fees collected are for multiple year affiliations and therefore recorded as deferred revenue on the statement of financial position. Revenue is recognized over the time period of the affiliation.

The NRA receives sponsorships for various events throughout the year which generally include various obligations of the NRA to include recognition of the sponsor at the event and on any fliers, event programs or banners and a table, if applicable. Sponsorships are collected in advance of the event and as recorded deferred revenue on the statement of financial position. The NRA has the primary duty to hold the event to fulfill the obligation and therefore is considered a principal to the transaction. Revenue is recognized at the point in time when the event takes place.

Program fees revenue for the years ending December 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Recognized at a point in time	\$ 2,366,699	\$ 2,392,567
Recognized over time	2,634,137	2,772,885
Total Program Fees	<u>\$ 5,000,836</u>	<u>\$ 5,165,452</u>

NATIONAL RIFLE ASSOCIATION OF AMERICA

NOTES TO FINANCIAL STATEMENTS

Advertising

The NRA sells advertising space in its magazines. The performance obligation of the NRA is to publish the magazine with the agreed upon ad in the proper space which is seen as one performance obligation. Advertising fees are billed at the time of the production of the publication and recorded as a receivable on the statement of financial position and recognized as revenue at the point in time when the receivable is created.

Member and Merchandise Sales

The NRA sells various merchandise at events and through on-line sales. Fees are collected at the time of purchase or at the point in time when an item is shipped. The NRA elects to exclude from the measurement of the transaction price all taxes assessed by a government authority. The NRA has the primary duty and responsibility to fulfill the obligation of providing the merchandise and therefore considered principal to the transaction. Revenue is recognized at the point in time for when the transaction takes place. NRA has elected to treat shipping as a fulfillment cost.

Shows and Exhibits

The NRA hosts various shows and exhibits for which fees are collected for exhibit booth rentals, banquets, and sponsorships related to each show. For exhibit booth space rental, the NRA is obligated to hold the event, provide the amount of space and location agreed upon which are considered one performance obligation. For banquet sales, the NRA generally provides a meal and/or entertainment which are considered one obligation. Sponsorships for these events generally recognition of the sponsor at the event and on any fliers, event programs, or banners and a table, if applicable which are considered one performance obligation. The NRA has the primary duty and responsibility to fulfill the obligation of the event and therefore considered principal to the transaction. The fees are collected in advance of these events and recorded as deferred revenue on the statement of financial position. Revenue is recognized at the point in time when the events take place.

Insurance administration fees

The NRA offers various life, accident and health insurance products through an affinity program with a licensed insurance broker to its members. The insurance broker creates, introduces, markets, offers, delivers, manages, maintains, and administers all aspects of the program. The NRA's responsibilities include granting limited license to use trademarks, providing mail lists and giving authority to solicit members over the course of the agreement which is seen as one performance obligation. The NRA has the primary duty and responsibility to fulfill the obligation and therefore considered principal to the transaction. The NRA receives royalty payments as the performance takes place and recognizes revenue at a point in time.

**NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS**

Other

The NRA has various other income for which fees are collected and the NRA has an obligation for a specific activity. The NRA has the primary duty and responsibility to fulfill the obligation and therefore considered principal to the transaction. Revenue associated with these other payments is recognized at the point in time when the activity takes place.

Contract costs

Contract costs generally include direct costs such as allocated salaries and benefits, materials, event, and shipping costs related to member dues and program fees. Cost are expensed as incurred.

Contract balances

Contract assets include accounts receivable for services or goods provided for which consideration has not yet been received and totaled \$2,540,875, \$2,553,961, and \$1,933,584 as of January 1, 2023, December 31, 2023, and December 31, 2024 respectively. Contract liabilities include deferred revenue associated with prepayments for services or goods which have not yet been provided to customer and totaled \$40,205,350, \$47,033,398, and \$50,572,059 as of January 1, 2023, December 31, 2023, and December 31, 2024 respectively.

Contributions

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

Valuation of Long-Lived Assets

Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less cost to sell. The NRA had no impairments of long-lived assets during 2024 or 2023.

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Outstanding Legacies

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

Functional Allocation of Expenses

The costs of providing program services and supporting activities have been accounted for on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities. Such allocations are determined by management on an equitable basis. Occupancy and interest expenses are allocated based on square footage. Certain depreciation is directly charged to applicable areas and certain depreciation is allocated based on square footage or number of employees. Data processing and certain executive salaries and benefits are allocated based on time and effort.

Advertising Expenses

The NRA uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. During 2024 and 2023, advertising expense was \$4,873,250 and \$6,982,691, respectively.

Tax Status

The NRA is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code and from state income taxes. The NRA activities that cause imposition of the unrelated business income tax provision of the Code result in no significant tax liability.

The NRA follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the NRA may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the NRA's tax positions and concluded that the NRA had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Tax years from 2021 through the current year remain open for examination by tax authorities.

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

The NRA incurred excess executive compensation excise tax that totaled \$21,351 and \$18,572 for the years ended December 31, 2024 and 2023, respectively. Excess executive compensation excise tax is for any employee that received compensation of more than \$1 million during the year.

Subsequent Events

The NRA evaluated subsequent events through March 27, 2025, which is the date the financial statements were available to be issued.

2. AVAILABILITY AND LIQUIDITY

The following represents NRA's financial assets and liquidity resources at December 31, 2024 and 2023:

Financial assets at year-end:	2024	2023
Cash and cash equivalents	\$ 15,099,916	\$ 6,174,497
Members' dues receivable available within one year, net	2,202,594	2,758,403
Accounts receivable available within one year, net	9,547,606	8,399,274
Due from affiliates	16,826,459	14,617,607
Investments	32,507,600	72,335,444
Total financial assets	76,184,175	104,285,225
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(45,989,852)	(40,355,715)
Investments held as collateral (a)	-	(23,540,187)
	(45,989,852)	(63,895,902)
Financial assets available to meet general expenditures over the next twelve months	\$ 30,194,323	\$ 40,389,323

(a) While total investments pledged as collateral total \$0 for 2024 and \$45,248,186 for 2023, the NRA considers investments above the outstanding line of credit balance as unencumbered for the purposes of liquidity.

The NRA maintains a policy of structuring its financial assets to be available as its general operating expenses come due. In addition, to manage liquidity the NRA maintains a line of credit with a bank that is drawn upon as needed during the year to manage cash flows (Note 8).

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

The NRA has experienced net losses over the past two years. To reduce debt and provide funding for operations, the NRA liquidated some of its investments in 2024. Expenses continue to be monitored and the NRA has met the cash demands of its operations and expenses as they come due.

3. INVESTMENTS

Investments as of December 31, 2024 and 2023 consist of:

	2024	2023
Money market funds	\$ 125,343	\$ 422,630
Equity securities	20,173,345	47,826,542
Fixed income securities	9,454,390	20,110,743
Alternative investments	2,641,004	3,911,300
Other	113,518	64,229
	<u>\$ 32,507,600</u>	<u>\$ 72,335,444</u>

4. MEMBERS' DUES RECEIVABLE

Members' dues receivable as of December 31, 2024 and 2023 consist of:

	2024	2023
Members' dues	\$ 3,974,607	\$ 5,060,115
Less: discount	<u>(322,277)</u>	<u>(416,552)</u>
	<u>\$ 3,652,330</u>	<u>\$ 4,643,563</u>

Members' dues due in more than one year have been recorded at the present value of estimated cash flows, discounted by rates ranging from 4.25% to 4.58% and 3.88% to 4.23% for the years ended December 31, 2024 and 2023, respectively.

5. ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2024 and 2023 consist of:

	2024	2023
Contributions	\$ 724,079	\$ 2,355,810
Advertising	1,933,584	2,553,961
Other (a)	9,220,837	3,757,035
	11,878,500	8,666,806
Less: allowance for doubtful accounts	<u>(2,329,473)</u>	<u>(267,532)</u>
	<u>\$ 9,549,027</u>	<u>\$ 8,399,274</u>

(a) Judgements included in Other accounts receivable (See Note 13).

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Following are the changes in the allowance for doubtful accounts during the years ended December 31, 2024 and 2023, respectively:

	2024	2023
Allowance at beginning of year	\$ 267,532	\$ 185,591
Provision for losses on accounts receivable	2,061,941	64,061
Write-offs, net of recoveries	-	17,880
Allowance at end of year	<u>\$ 2,329,473</u>	<u>\$ 267,532</u>

6. INVENTORIES AND SUPPLIES

Inventories and supplies as of December 31, 2024 and 2023 consist of:

	2024	2023
Sales inventories	\$ 1,051,411	\$ 1,474,277
Supplies:		
Magazine paper	1,563,260	1,397,961
Fulfillment and promotional materials	3,468,620	4,571,377
Other	28,970	28,970
	<u>6,112,261</u>	<u>7,472,585</u>
Less: obsolescence allowance	<u>(497,799)</u>	<u>(912,231)</u>
	<u>\$ 5,614,462</u>	<u>\$ 6,560,354</u>

7. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2024 and 2023 consist of:

	2024	2023
Land	\$ 5,380,792	\$ 5,380,792
Buildings and improvements	58,085,235	57,400,146
Furniture, fixtures and equipment	15,956,258	16,539,828
	<u>79,422,285</u>	<u>79,320,766</u>
Less: accumulated depreciation	<u>(57,105,713)</u>	<u>(56,004,269)</u>
	<u>\$ 22,316,572</u>	<u>\$ 23,316,497</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$1,950,615 and \$2,233,100, respectively.

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

8. NOTES PAYABLE AND CREDIT AGREEMENTS

On March 13, 2019, the NRA entered into a credit agreement with a bank which expires on March 12, 2029. Under the terms of this agreement the NRA paid a fixed rate of 4.85%. On June 5, 2020, the NRA amended this agreement. Under the terms of this amended agreement, the NRA pays a fixed rate of 4.50%. At December 31, 2024 and 2023, \$15,559,776 and \$16,087,704 respectively, was payable under the current credit agreement.

On June 5, 2020, the NRA entered into a \$20,000,000 building line of credit agreement, which was reduced to \$10,000,000 on June 4, 2021 and expired on September 27, 2024. On September 11, 2024, the NRA amended this agreement which now expires on September 27, 2025. Under the terms of this amended agreement, the NRA makes monthly interest payments on the daily outstanding principal at a variable rate based on the one month CME term SOFR rate plus 1.0%. At December 31, 2024 and 2023, \$10,000,000 was payable under the agreement at an interest rate of 5.34% and 6.35%, respectively.

The NRA maintained a \$28,000,000 line of credit (LOC) agreement with a bank which expired September 27, 2022. On September 27, 2022, the NRA amended this agreement which was set to expire on September 24, 2024. Under the terms of this agreement, the NRA made monthly interest payments on the daily outstanding principal at a variable rate based on the one month CME term SOFR rate plus 1.0%. In January 2024, the NRA liquidated \$28,000,000 of NRA's investment portfolio to pay off the LOC. The LOC was terminated effective January 26, 2024. At December 31, 2023, \$23,540,187 was payable at an interest rate of 6.35%.

On the \$28,000,000 line of credit agreement, the NRA had pledged as collateral \$45,248,186 at December 31, 2023, in cash and investments held in certain custodial accounts by the bank. For the credit agreement and the building line of credit, the NRA has also pledged as collateral a Deed of Trust on the NRA Headquarters Building. The NRA is subject to financial covenants associated with the credit agreement and lines of credit agreements. The NRA must maintain deposit accounts and securities accounts with the bank with an average annual balance of at least \$10,000,000. The NRA has met the requirements at December 31, 2024 and 2023. The NRA must also maintain a maximum loan to value ratio that does not exceed 60%. NRA has received a waiver for the maximum loan to value ratio through July 24, 2029.

The annual principal payments related to these obligations at December 31, 2024 are as follows:

2025	\$ 10,554,595
2026	580,435
2027	607,478
2028	634,007
2029	<u>13,183,261</u>
Total minimum future payments	<u>\$ 25,559,776</u>

Interest expense for the years ended December 31, 2024 and 2023, was \$1,559,969 and \$2,657,713, respectively.

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

9. FAIR VALUE MEASUREMENTS

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

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

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

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

In determining the appropriate levels, the NRA performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The estimated fair values of the NRA's short-term financial instruments, including receivables and payables arising in the ordinary course of operations, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

The carrying value of the NRA's note payable and credit agreement approximates fair value as the interest rate on the credit agreement's underlying instruments fluctuate with market rates.

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

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

	As of December 31, 2024		
	Total	Level 1	Level 2
Equity securities:			
Communication services	\$ 1,924,757	\$ 1,924,757	\$ -
Consumer discretionary	2,310,323	2,310,323	-
Consumer staples	1,398,537	1,398,537	-
Energy	918,089	918,089	-
Financial services	3,533,496	3,533,496	-
Healthcare	2,072,307	2,072,307	-
Industrials	2,124,672	2,124,672	-
Information technology	3,751,084	3,751,084	-
Materials	1,197,875	1,197,875	-
Multi-strategy mutual funds	129,938	129,938	-
Real Estate	485,805	485,805	-
Utilities	326,462	326,462	-
Total equity securities	20,173,345	20,173,345	-
Fixed income securities:			
Multi-strategy bond funds	9,454,390	9,454,390	-
Money market	125,343	125,343	-
Investments at fair value	\$ 29,753,078	\$ 29,753,078	\$ -
Other investments	113,518		
Alternative investments:			
Multi-strategy fund-of-funds (measured using a net asset value per share (or its equivalent) practical expedient)	2,641,004		
Total investments	\$ 32,507,600		
Other assets – multi-strategy mutual funds:			
Deferred compensation plan	\$ 2,702,621	\$ 2,702,621	\$ -
Total other assets	2,702,621	2,702,621	-
Total assets	\$ 35,210,221	\$ 32,455,699	\$ -
Deferred compensation liability	\$ (2,702,621)	\$ -	\$ (2,702,621)
Total liabilities	\$ (2,702,621)	\$ -	\$ (2,702,621)

**NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS**

	As of December 31, 2023		
	Total	Level 1	Level 2
Equity securities:			
Communication services	\$ 3,900,013	\$ 3,900,013	\$ -
Consumer discretionary	5,425,823	5,425,823	-
Consumer staples	2,892,334	2,892,334	-
Energy	2,765,342	2,765,342	-
Financial services	8,665,428	8,665,428	-
Healthcare	4,960,348	4,960,348	-
Industrials	5,325,448	5,325,448	-
Information technology	8,182,094	8,182,094	-
Materials	2,944,412	2,944,412	-
Multi-strategy mutual funds	272,563	272,563	-
Real Estate	1,552,363	1,552,363	-
Utilities	940,373	940,373	-
Total equity securities	47,826,541	47,826,541	-
Fixed income securities:			
Multi-strategy bond funds	20,110,744	20,110,744	-
Money market	422,630	422,630	-
Investments at fair value	\$ 68,359,915	\$ 68,359,915	\$ -
Other investments	64,229		
Alternative investments:			
Multi-strategy fund-of-funds [measured using a net asset value per share (or its equivalent) practical expedient]	3,911,300		
Total investments	\$ 72,335,444		
Other assets – multi-strategy mutual funds:			
Deferred compensation plan	\$ 3,323,221	\$ 3,323,221	\$ -
Supplemental executive retirement plan	367,541	367,541	-
Total other assets	3,690,762	3,690,762	-
Total assets	\$ 76,026,206	\$ 72,050,677	\$ -
Deferred compensation liability	\$ (3,323,221)	\$ -	\$ (3,323,221)
Supplemental executive retirement liability	(367,541)	-	(367,541)
Total liabilities	\$ (3,690,762)	\$ -	\$ (3,690,762)

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

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

Deferred compensation plan and supplemental executive retirement plan assets are based upon the fair market value of those assets, which are observable inputs and classified as Level 1. The deferred compensation liability is not publicly traded and is, therefore, considered Level 2.

The table below presents additional information regarding the alternative investments.

	2024 Fair Value	2023 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy fund-of-funds (a)	\$ 2,641,004	\$ 3,911,300	\$ -	semi- annually	105 days
	<u>\$ 2,641,004</u>	<u>\$ 3,911,300</u>	<u>\$ -</u>		

- (a) This class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge fund-of-funds' composite portfolio for this class includes investments in private investment companies (investment in global, distressed/credit, domestic healthcare and other) and securities (common stock). The fair value of the investments in this class have been estimated using the net asset value per share of the investments.

10. NET ASSETS WITH DONOR RESTRICTIONS AND DONOR RESTRICTED ENDOWMENT

Net assets with donor restrictions are available for the following purposes:

	2024	2023
Legislative programs	\$ 26,902,874	\$ 23,913,258
National Firearms Museum	12,127,441	11,024,135
Education and training	9,079,232	7,861,796
Hunter services	6,126,834	5,636,941
Recreational shooting	2,838,620	2,654,155
Competitions	1,759,640	1,678,388
Law enforcement	1,152,287	1,047,196
Field services	379,939	338,206
Community outreach	11,865	10,464
Other	6,460,508	5,831,769
Other, passage of time	1,061,532	2,114,390
Total	<u>\$ 67,900,772</u>	<u>\$ 62,110,698</u>

NATIONAL RIFLE ASSOCIATION OF AMERICA NOTES TO FINANCIAL STATEMENTS

The NRA follows the Codification subtopic *Reporting endowment funds*. The Codification addresses accounting issues related to guidelines in the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the National Conferences of Commissioners on Uniform State Laws in July 2006 and enacted in the Commonwealth of Virginia on July 1, 2008 and by the State of New York on September 17, 2010. The Management of the NRA has interpreted UPMIFA as requiring the preservation of the fair value of original donor-restricted endowment gifts as of the date of the gift absent explicit donor stipulations to the contrary. As a result of this interpretation, the NRA classifies as net assets with donor restrictions (a) the original value of cash gifts donated to permanent donor restricted endowment and (b) the discounted value of future gifts promised to permanent donor restricted endowment, net of allowance for uncollectible pledges. The remaining portion of donor restricted endowment funds not classified in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the NRA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the NRA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The NRA has adopted investment and spending policies for donor-restricted endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. The investment policy of the NRA is to achieve, at a minimum, a real (inflation adjusted) total net return that exceeds spending policy requirements. Investments are diversified both by asset class and within asset classes. The purpose of diversification is to minimize unsystematic risk and to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total portfolio. The amount appropriated for expenditure ranges from 1% to 5% of the endowment fund's fair value as of the end of the preceding year, as long as the value of the endowment does not drop below the original contribution(s). All earnings of the endowment are reflected as net assets with donor restrictions until appropriated for expenditure in the form of program spending.

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

The NRA's endowment is composed of donor restricted funds and board designated quasi endowed funds. The changes in endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,517,961	\$ 60,153,070	\$ 62,671,031
Interest and dividends, net	-	1,502,268	1,502,268
Net appreciation	274,678	5,191,293	5,465,971
Contributions	-	835,646	835,646
Amount appropriated for expenditure	(63,641)	(918,722)	(982,363)
Other Changes	-	(332)	(332)
Endowment net assets, end of year	<u>\$ 2,728,998</u>	<u>\$ 66,763,223</u>	<u>\$ 69,492,221</u>
Donor-restricted endowments	\$ -	\$ 66,763,223	\$ 66,763,223
Board designated endowment	2,728,998	-	2,728,998
Total endowments	<u>\$ 2,728,998</u>	<u>\$ 66,763,223</u>	<u>\$ 69,492,221</u>

	December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,103,199	\$ 53,982,031	\$ 57,085,230
Interest and dividends, net	-	1,157,873	1,157,873
Net (depreciation) appreciation	(512,152)	7,313,110	6,800,958
Contributions	-	934,434	934,434
Amount appropriated for expenditure	(73,086)	(3,164,018)	(3,237,104)
Other Changes	-	(70,360)	(70,360)
Endowment net assets, end of year	<u>\$ 2,517,961</u>	<u>\$ 60,153,070</u>	<u>\$ 62,671,031</u>
Donor-restricted endowments	\$ -	\$ 60,153,070	\$ 60,153,070
Board designated endowment	2,517,961	-	2,517,961
Total endowments	<u>\$ 2,517,961</u>	<u>\$ 60,153,070</u>	<u>\$ 62,671,031</u>

The related assets are included in due from affiliates, investments and pledges receivable.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the NRA to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature that are reported in net assets with donor restrictions. There were no such deficiencies at December 2024 and 2023.

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT PLANS

Certain NRA employees participate in a non-contributory, defined benefit retirement plan (the Plan). Benefits under the Plan are generally based on years of service and final average pay. The NRA's policy is to fund pension costs as accrued. Effective January 1, 2008, the NRA amended the Plan so that employees hired on or after January 1, 2008, will not be eligible to participate in the Plan. Effective December 31, 2018, the NRA froze the Plan and employees no longer earn additional benefits under the Plan.

The primary investment objectives of the Plan are to provide a long-term, risk-controlled approach using diversified investment options. The NRA may consider all asset classes allowed by the Employee Retirement Income Security Act of 1974 and other applicable law as acceptable investment options.

The net periodic pension costs for the years ended December 31, 2024 and 2023 consist of the following:

	2024	2023
Interest cost on projected benefit obligation	\$ 5,216,753	\$ 6,398,923
Return on plan assets	(4,844,708)	(6,279,340)
Recognized net actuarial loss	881,027	794,193
Recognized settlement loss	-	4,049,485
Net periodic benefit cost	1,253,072	4,963,261
Other changes	(1,353,294)	(2,443,738)
Total recognized in statements of activities	\$ (100,222)	\$ 2,519,523

The following table sets forth the changes in the defined benefit pension plan's funded status and the amount of accrued pension costs for the plan years ended December 31, 2024 and 2023 (utilizing a measurement date of December 31):

	2024	2023
Change in benefit obligation:		
Projected benefit obligation at beginning of year	\$ 98,745,641	\$ 125,034,894
Interest cost	5,216,753	6,398,923
Actuarial (gain)/loss	(1,289,925)	3,840,442
Benefits paid	(7,310,529)	(7,352,591)
Plan settlements and annuity purchase	-	(29,176,027)
Projected benefit obligation at end of year	\$ 95,361,940	\$ 98,745,641

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

	2024	2023
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 72,644,554	\$ 101,453,330
Actual return on plan assets	4,027,050	7,719,842
Employer contributions	2,800,454	-
Benefits paid	(7,310,529)	(7,352,591)
Plan settlements and annuity purchase	-	(29,176,027)
Fair value of plan assets at end of year	<u>\$ 72,161,529</u>	<u>\$ 72,644,554</u>
Accrued pension costs reflected in the statements of financial position in accrued liabilities	<u>\$ (23,200,411)</u>	<u>\$ (26,101,087)</u>
Amounts recognized in net assets without donor restrictions:		
Total net loss	<u>\$ 13,385,536</u>	<u>\$ 14,738,830</u>
Total	<u>\$ 13,385,536</u>	<u>\$ 14,738,830</u>

The gain related to the change in the benefit obligation for the period ending December 31, 2024 was due to the increase in the discount rate. The loss related to changes in the benefit obligation for the period ending December 31, 2023 was due to the decrease in the discount rate. Plan experience also contributed to the loss for the period ending December 31, 2023.

The total net loss and prior service cost for the defined pension plan that will be amortized from net assets into the net periodic benefit cost over the next year are \$510,523 and \$680,317, respectively.

In accordance with ASU 2017-07, the NRA reports the service cost component separately from the other components of net periodic cost (benefit). The service cost component is reported in the same line of the statement of activities as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net periodic cost (benefit) are reported as non-operating activities.

The following weighted-average assumptions were used in calculating the above benefit obligations, net periodic benefit cost and fair value of plan assets at December 31, 2024 and 2023:

	2024	2023
Discount rate used to determine benefit obligation	5.75%	5.35%
Discount rate used to determine net periodic benefit cost	5.35%	5.50%
Rate of compensation increase	N/A	N/A
Expected return on plan assets	8.70%	7.50%

The basis used to determine the overall expected long-term rate of return on assets utilizing the target asset allocations established within the plan is based on historical returns.

The asset allocation strategy is based on several factors including:

- The relationship between the current and projected assets of the Plan and the projected actuarial liability stream;
- The historical performance of capital markets adjusted for the perception of future short- and long-term capital market performance;

NATIONAL RIFLE ASSOCIATION OF AMERICA

NOTES TO FINANCIAL STATEMENTS

- The perception of future economic conditions, including inflation and interest rate assumptions.

The asset allocation strategy shall identify target allocations to eligible asset classes and, where appropriate, suitable ranges within which each asset class can fluctuate as a percent of the total fund. Each asset class is to remain suitably invested at all times in either cash (or cash equivalents) or permitted securities within each asset class. The asset classes may be rebalanced from time to time to take advantage of tactical misvaluations across major asset classes or investment styles, or to align the current asset mix with strategic targets.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2024 and 2023.

Multi-strategy equity and fixed income mutual funds and Pooled separate accounts (PSA): Primarily valued at the net asset value (NAV) per share based on quoted market prices of the underlying investments as reported by the investment advisor using the audited financial statements of the underlying investments. The individual annuities invest in separate accounts, which track the performance of the specific underlying mutual funds. A valuation agent is selected for each mutual fund and PSA. The valuation agent calculates the net assets of the account on each open market day.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain results in a different fair value measurement at the reporting date.

Investments measured at net asset value (or equivalent) as a practical expedient have not been classified in the fair value hierarchy. The amounts of investments are included below.

At December 31, 2024 and 2023, the fair value and the asset allocation of the NRA's pension plan assets was as follows:

	2024		2023	
Asset category:				
Multi-strategy equity Mutual funds/PSAs	\$ 44,623,090	61.8%	\$ 47,303,868	65.1%
Multi-strategy fixed income Mutual funds/ PSAs	27,504,962	38.1	24,516,960	33.8
Cash	33,477	0.1	823,726	1.1
	<u>\$ 72,161,529</u>	<u>100.0%</u>	<u>\$ 72,644,554</u>	<u>100.0%</u>

The NRA contributes to the plan based on actuarially determined amounts necessary to provide assets sufficient to meet benefits to be paid to plan members. NRA annually funds the minimum required contribution.

From July 10, 2023, through August 22, 2023, NRA conducted a de-risking effort to reduce the cost of Pension Benefit Guaranty Corporation premiums and plan liability costs for benefits payable under the plan. The de-risk project included a choice of a voluntary actuarial calculated lump sum or an offer to begin annuity benefits immediately to eligible terminated vested participants and current eligible active employees. The de-risk project also included annuities purchased for current retirees receiving a pension benefit of \$750 per month or less. The de-risking effort reduced the Plan benefit obligation by \$29,176,027 and the Plan assets by \$29,176,027.

For 2025, the estimated contribution requirement is expected to be approximately \$3.1M.

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

The following plan year benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next 10 fiscal years:

2025	\$ 7,431,000
2026	\$ 7,352,000
2027	\$ 7,359,000
2028	\$ 7,256,000
2029	\$ 7,212,000
2030 – 2034 (total)	\$ 35,683,000

In addition, in 1997, the NRA established a 401(k) plan for employees. The plan, available to all employees after 90 days of service, permits participants to contribute a portion of their salary on a pre-tax basis. The NRA matched participant contributions based on plan provisions. NRA's 401k employer match is 100% for the first 3% of employee contributions and then 50% for the next 2% of employee contributions. Participants are 100% vested in employer contributions after three years of service. The vested balance is available to participants at termination, retirement, death, disability, hardships or through eligible loans. Employer contributions to the 401(k) plan totaled \$1,159,790 and \$1,122,231 for the years ended December 31, 2024 and 2023, respectively.

The NRA also maintains a deferred compensation agreement (the Agreement) for certain officers and employees. The Agreement is offered at the sole discretion of its Board of Directors, which may amend or terminate the Agreement at any time. The Agreement is funded through whole life insurance policies on the plan beneficiaries. The NRA is the policy owner and beneficiary.

Currently, several past employees are enrolled in the Agreement. Management believes that no unfunded liability exists under the Agreement. At December 31, 2024 and 2023, the NRA had assets relating to the cash surrender values of the whole life insurance policies of \$3,019,749 and \$2,980,133, respectively and is included in investments on the accompanying statements of financial position. At December 31, 2024 and 2023, the NRA had loans against the whole life insurance policies of \$2,906,231 and \$2,915,904, respectively with the net included in investments on the statement of financial position. The policies serve as the underlying collateral for the loans and interest on the loans accrued at the rate of 4.1%. Deferred compensation net benefit for the years ended December 31, 2024 and 2023 was \$39,616 and \$23,220 respectively.

The NRA has established a 457(b) deferred compensation plan for the benefit of certain employees. This plan is employee funded, and therefore, the NRA did not contribute to this plan during the years ended December 31, 2024 and 2023. At December 31, 2024 and 2023, the NRA held assets, and had related obligations, relating to this plan of \$2,702,621 and \$3,323,221.

The NRA has also established a 457(f) supplemental executive retirement plan for the benefit of certain executives. At December 31, 2024 and 2023, the NRA held assets, and had related obligations, relating to the plan of \$0 and \$367,541, respectively. The NRA incurred deferred compensation expense of \$0 and \$36,750 for the years ended December 31, 2024 and 2023.

For both plans, the assets are included in other assets and the liabilities are included in accrued liabilities on the statements of financial position.

**NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS**

12. RENTAL OPERATIONS AS LESSOR

The NRA leases a portion of its headquarters building and adjacent property to tenants under various operating leases. These leases include renewal options. Rental income is recognized on a straight-line basis over the term of the lease.

The following is a schedule of minimum future rentals on non-cancellable operating leases as of December 31, 2024:

2025	\$ 494,158
2026	497,139
2027	553,157
2028	612,131
2029	256,920
2030 & Thereafter	<u>705,160</u>
Total minimum future rentals	<u>\$ 3,118,665</u>

Total rental income for the years ended December 31, 2024 and 2023 was \$936,359 and \$958,377, respectively.

13. COMMITMENTS AND CONTINGENCIES

Finance Leases

The NRA leases vehicles, copiers, and IT equipment under leases classified as finance leases. The leased vehicle, copiers, and IT equipment are depreciated on a straight line basis over 2 to 4 years. Finance lease assets and accumulated amortization are included in finance lease right-of-use-asset, net on the statement of financial position.

	2024	2023
Right of Use assets	\$ 2,334,284	\$ 1,501,557
Accumulated amortization	<u>(589,627)</u>	<u>(415,640)</u>
Net book value	<u>\$ 1,744,657</u>	<u>\$ 1,085,917</u>

The future minimum payments related to these finance leases as of December 31, 2024 are as follows:

2025	\$ 526,938
2026	717,831
2027	353,441
2028	278,462
2029 & Thereafter	<u>59,860</u>
Total minimum lease payments	1,936,532
Less amount representing interest	<u>(137,929)</u>
Present value of minimum lease payments	<u>\$ 1,798,603</u>

NATIONAL RIFLE ASSOCIATION OF AMERICA NOTES TO FINANCIAL STATEMENTS

The present values of the minimum lease payments have been discounted using rates ranging from 0.78% to 4.79%. The finance lease liability is included in finance lease liabilities on the statement of financial position.

Amortization expense for the years ended December 31, 2024 and 2023 was \$400,459 and \$289,652, respectively.

Litigation and claims

The NRA and a number of its affiliates are involved in several lawsuits. These lawsuits include, but are not limited to, (i) People of the State of New York, by Letitia James, **Attorney General of the State of New York v. NRA et al.**, No. 451625/2020 (N.Y. Supreme Court, New York County, Commercial Division), (ii) **District of Columbia v. NRA Foundation, Inc. et al.**, No. 2020 CA 003454 B (D.C. Super. Ct.), (iii) **Dell'Aquila et al. v. NRA**, No. 3:19-cv-00679 (M.D. Tenn.), (iv) National Rifle Association of America v. **Ackerman McQueen, Inc.** et al., Civil Action No. 3:22-CV-1944-G (United States District Court for the Northern District of Texas), (v) **Giffords v. NRA-PVF** and (vi) **Under Wild Skies v. NRA** (Fairfax County Circuit Court).

The NRA is vigorously defending the claims asserted against it in these lawsuits.

The outcomes of legal proceedings and regulatory matters are often difficult to predict. A determination that the NRA's or its affiliates' operations or activities are not, or were not, in compliance with applicable laws or regulations could result in monetary damages or injunctive relief.

The aforementioned lawsuits are summarized below:

People of the State of New York, by Letitia James, Attorney General of the State of New York v. NRA et al., No. 451625/2020 (N.Y. Supreme Court, New York County, Commercial Division)

On August 6, 2020, in the Supreme Court of New York, the Attorney General of the State of New York brought an action against the National Rifle Association of America and certain of its former and current executives.

The NYAG's complaint named as defendants (i) the NRA; (ii) Wayne LaPierre (the NRA's former Executive Vice President and Chief Executive Officer); (iii) Wilson Phillips (the NRA's former Treasurer and Chief Financial Officer); (iv) Joshua Powell (the NRA's former Executive Director of General Operations); and (v) John Frazer (the NRA's Secretary and former General Counsel).

The NRA filed its original answer on February 23, 2021. In the answer, the NRA, inter alia, denied the NYAG's allegations and asserted defenses and affirmative defenses. At the same time, the NRA asserted counterclaims against the NYAG for violating the NRA's and its members constitutional rights, including their rights to free speech, based on, among other things, the Attorney General's pledge—while campaigning for office in or around summer of 2018—to investigate the NRA based on her antipathy toward the substance of the NRA's pro-gun rights speech.

**NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS**

Following multiple rounds of motion practice, the Court dismissed several of the NYAG's claims (including, most notably, on March 2, 2022, the NYAG's claims seeking the dissolution of the NRA), the NRA's counterclaims, and certain of the NRA's defenses and affirmative defenses.

The NYAG filed multiple amendments of her complaint, including an amendment on May 2, 2022, when the NYAG asserted a claim against the NRA under Section 8-1.4(m) of New York Estates Powers and Trusts Law (the "EPTL"). In connection with her EPTL 8-1.4(m) claim against the NRA, the NYAG sought, among other things, the appointment of an independent compliance monitor. The relief the NYAG sought against the NRA is equitable. The NYAG did not seek money damages or any other type of monetary relief against the NRA.

On November 14, 2023, the court issued a ruling bifurcating the trial into a jury and a judge phase. During the judge phase of the trial, the court determined factual issues relating to, inter alia, the NYAG's entitlement to any relief.

The Outcome of the Jury Phase of the Trial

After the six-week jury phase of the trial in January and February 2024, on February 23, 2024, a six-person jury made, among other things, the following findings.

First, the jury found that, at some point between March 20, 2014, and May 2, 2022, the NRA failed to properly administer the organization and its assets.

Second, the jury was asked to make findings with regard to twelve allegedly unauthorized related party transactions. The jury found that (i) three of the twelve were not authorized, but (ii) the remaining nine transactions were authorized because (A) the NYAG failed to establish that one was not approved in advance by the NRA Board or authorized committee of the Board; and (B) eight were properly ratified by the Audit Committee of the NRA's Board. The jury also found that Mr. Phillips engaged in one of the three unauthorized related party transactions—and that he did so willfully and intentionally—but that the NRA did not sustain any actual damages as a result of his violation with regard to the transaction.

Third, the jury found that (i) NRA violated Section 715-b of New York Not-For-Profit Corporation Law (the "N-PCL") by failing to adopt a whistleblower policy that complied with New York law between March 20, 2017, and January 22, 2020; and (ii) at some point between March 20, 2017, and May 2, 2022, the NRA violated N-PCL 715-b by failing to (A) evaluate whistleblower complaints; or (B) ensure compliance by permitting certain individuals to suffer intimidation, harassment, discrimination or other retaliation to discourage reporting of improper conduct.

Fourth, the jury found that one or more annual CHAR500 filings by the NRA between March 20, 2017, and May 2, 2022, contained at least one statement or omission that was materially false in violation of Sections 172-d(1) and 175(2)(d) of New York Executive Law.

NATIONAL RIFLE ASSOCIATION OF AMERICA NOTES TO FINANCIAL STATEMENTS

Fifth, the jury found that Messrs. LaPierre, Phillips, and Frazer violated their statutory obligation to discharge the duties of their positions in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. The jury found that the violations by Messrs. LaPierre and Phillips caused monetary harm to the NRA. The jury found that the dollar amount of monetary harm sustained by the NRA as a result of Wayne LaPierre's violation(s) of his statutory duties to the NRA from March 20, 2014, through May 2, 2022, is \$5,400,000. The jury also found that of this amount (\$5,400,000), Wayne LaPierre has repaid to the NRA \$1,048,770. The jury found that the dollar amount of monetary harm sustained by the NRA as a result of Wilson Phillips's violation(s) of his statutory duties to the NRA from March 20, 2014, through December 31, 2018, is \$2,000,000. The jury found that Mr. Frazer's violation(s) of his statutory duties to the NRA did not cause any monetary harm to the NRA.

Sixth, the jury determined that, under N-PCL 706, 714, and 715, there is cause for the removal of Mr. LaPierre as Executive Vice President of the NRA. The jury found that, under the same statutory provisions, there is no cause for the removal of John Frazer as Secretary of the NRA.

The jury also found that John Frazer made or authorized at least one materially false statement or omission in an NRA annual CHAR500 filing between March 20, 2017, and May 2, 2022, in violation of Sections 172-d(1) and 175(2)(d) of New York Executive Law.

The Outcome of the Non-Jury Phase of the Trial

In July 2024, the Court held a non-jury trial to determine, as to the NRA, what "nonmonetary remedies, if any" are "necessary and appropriate to remedy and prevent the recurrence of the violations determined by the jury." The Court denied the NYAG's principal requested relief of a court-appointed monitor or consultant to oversee the NRA and report back to the Court and the Attorney General.

At the conclusion of the non-jury trial, on July 29, 2024, the Court also made the following rulings concerning non-monetary relief as to individual defendants Wayne LaPierre and John Frazer.

With respect to Mr. LaPierre, the Court found that "barring Mr. LaPierre from any fiduciary position as an officer or director of the NRA or any entity under the NRA's direct control for a period of ten years is appropriate and reasonably related to protecting against a recurrence of past violations of law."

With respect to Mr. Frazer, the Court denied the relief that the NYAG sought. The Court stated that this result was "consistent . . . with the jury's verdict that [Mr. Frazer] was not subject to removal for violations of the statute." The Court also noted that "although Mr. Frazer had some involvement in the violations, according to the jury, the evidence at trial and the jury's conclusion that he caused no harm to the NRA persuades [the Court] that he had an ancillary role that has been further narrowed by subsequent events, including his replacement as general counsel." Finally, the Court stated that it "found [Mr. Frazer's testimony to be persuasive and the testimony of others that he . . . by in large performed his duties in good faith and his continuation in the role of secretary seems to be a match for the skill set that he has shown."

Non-monetary relief against Defendant Wilson Phillips was ordered by the Court per Stipulation between Phillips and the Plaintiff/NYAG, under which Mr. Phillips is barred from any position where he has any fiduciary responsibility for any not-for-profit or charitable organization operating in New York.

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

On December 9, 2024, the Court entered a Final Judgment in which NRA was ordered to implement the following reforms as remedial measures:

NRA shall issue an NRA Annual Compliance Report to members for at least five years, which shall disclose compliance matters such as: travel and entertainment expenses; contact negotiations, execution and subsequent payments; related party transactions; and whistleblower reports. The Final Judgment also has the following requirements: NRA shall execute enhanced Form 990 and CHAR500 certification; NRA shall implement a secure board portal; NRA shall adopt a new director nomination policy; NRA shall post on its website statements prepared by board candidates; NRA shall amend its bylaws to treat the Audit Committee as an elected committee of the board and restrict certain persons from being elected to the Audit Committee again; NRA shall enter into a contract with its Chief Compliance Officer to provide a severance payment in the event of termination without cause or resignation for good reason; NRA shall retain a Court-approved consultant to work with the Chief Compliance Officer; NRA's Committee on Organization shall study Board composition, protocols, and committee scope and report recommendations to the Board regarding possible changes to structures to best serve current and future needs and legal requirements; NRA shall continue to retain Aprio as an independent auditor to continue to perform special procedures; Defendant Wayne LaPierre shall pay directly to NRA the sum of \$4,351,230 plus interest and shall be barred from any fiduciary position for ten years; and Defendant Wilson Phillips shall pay directly to NRA the sum of \$2,000,000 plus interest and shall be barred from any fiduciary position for ten years. These judgments are included in accounts receivable on the statements of financial position, and in Other on the accounts receivable footnote.

Plaintiff's request for relief with respect to Defendant John Frazer were denied. Plaintiff's request for cost and disbursement were denied.

On January 10, 2025, the NRA filed a Notice of Appeal regarding the NRA's counter claim against the NYAG based on First Amendment retaliation.

On January 10, 2025, LaPierre filed a Notice of Appeal, on whether the court committed errors of law and/or fact, abused its discretion, and/or acted in excess of its jurisdiction, power and authority, and in violation of the Constitution of the United States and the New York Not-for-Profit Corporation Law ("N-PCL"), by, inter alia, applying the N-PCL to commerce among the several states to an extent not permitted under the Constitution of the United States, in violation of section 103(e) of the N-PCL, and entering a judgment against Defendant LaPierre on the second cause of action based on the N-PCL for relief that is not provided in section 720 of the N-PCL or any other applicable provision of the statute, in an action that was clearly brought for political purposes and with the intent, purpose and effect of chilling free speech, and punishing and silencing Defendant LaPierre, a prominent civil rights advocate who has been the voice and face of the NRA, a prominent advocacy group, for 45 years.

The information available prior to the perfection of the appeal is limited. Based on the information available at this time, the NRA does not believe a loss contingency is probable. NRA believes the range of the loss contingency is zero to \$4,695,573. While the upper limit could be considered \$5,744,343 (\$1,048,770 plus \$4,695,573), the notice of appeal seeks restitution of "money paid by [LaPierre] to the NRA under the Final Judgment..." and that amount is \$4,351,230 plus interest, and NRA believes the amount LaPierre reimbursed (\$1,048,770) has already been documented and agreed to as excess benefit.

**NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS**

The NYAG's Settlement with Joshua Powell

In January 2024, the NYAG settled its claims against Mr. Powell. In the settlement agreement, Mr. Powell admits that he, among other things, breached his statutory duties to the NRA, that he failed to administer properly property held by the NRA for charitable purposes, that his conduct violated, among other things, NPCL 715, which addresses related party transactions, and that as a result he must pay restitution in the amount of \$100,000 to remediate harm to the NRA. The settlement agreement requires him to make the full payment of the settlement amount on the date the agreement was fully executed. The agreement states that the NYAG shall hold the funds in escrow for the benefit of the NRA's charitable beneficiaries. The agreement also states that the NYAG shall release the full amount of the settlement amount from escrow and transfer the funds to the NRA within 45 days of the entry of the final judgment in the action, unless an appeal is filed, in which case the funds shall be released and paid to the NRA within 45 days after the exhaustion of all appeals, or as otherwise ordered by the court. Mr. Powell also accepted a permanent bar from service as an officer, director, or trustee or in any position where he has any fiduciary responsibilities for, among others, any not-for-profit organizations incorporated in New York.

District of Columbia v. NRA Foundation, Inc. et al., No. 2020 CA 003454 B (D.C. Super. Ct.)

On August 6, 2020, the DCAG filed this action against the NRA and the Foundation in D.C. Superior Court. It alleged that the NRA improperly diverted funds from the Foundation, that the Foundation failed to maintain control of its funds, and that the Foundation failed to act independently from the NRA. The allegations focused on (i) two \$5 million loans from the NRA Foundation to the NRA; (ii) payments from the Foundation to the NRA pursuant to a services agreement; and (iii) the process by which the NRA Foundation awards grant funds to the NRA. The DCAG's First Amended Complaint asserted three claims against the Foundation. Counts I and II alleged violations of the D.C. Nonprofit Corporations Act ("NCA"), specifically: (i) exceeding or abusing the authority conferred by law in violation of § 29-412.20(a)(1)(B) of the NCA; and (ii) continuing to act contrary to nonprofit purposes in violation of § 29-412.20(a)(1)(C) of the NCA. Count III was a common law claim for alleged violation of the Foundation's nonprofit purposes.

On April 17, 2024, the District of Columbia Attorney General (the "DCAG") entered into a settlement of this matter with the NRA and the NRA Foundation ("NRA Foundation"). Under the terms of the settlement, neither the NRA nor the Foundation admitted any wrongdoing or legal violations—indeed, both expressly denied any liability.

The settlement terms are as follows: (i) the Foundation will conduct annual non-profit training for its Board and officers, (ii) the Foundation will adopt a new conflict-of-interest policy for all Trustees, Officers, and members of Board committees; a policy regarding grantmaking to the NRA; and a policy regarding approval of loans to the NRA over \$250,000; (iii) the Foundation will enter into a new Shared Services Agreement with the NRA that includes a written method for allocating costs; (iv) the Foundation and the NRA retain the right to amend their Bylaws and other organizational documents, (v) the Foundation will provide copies of the policies it adopts to the DCAG; (vi) the settlement terms will be entered as a Consent Order in D.C. Superior Court, (vii) the Consent Order will remain in effect until December 31, 2026, provided that, by no later than August 15, 2024, the Foundation has confirmed in writing to the DCAG that it has created an Audit Committee; approved a conflict of interest policy, grantmaking policy, and loan policy; and entered into the new Shared Services Agreement; and (viii) otherwise, the Consent Order term will end on April 30, 2027.

**NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS**

On April 22, 2024, the settlement terms described above were entered as a Consent Order by the D.C. Superior Court, and the case was closed.

NRA continues to work with counsel for NRA Foundation to assist with compliance with the Consent Order. There were no fines or penalties against the NRA or the Foundation.

Dell'Aquila et al. v. NRA, No. 3:19-cv-00679 (M.D. Tenn.)

On August 7, 2019, a former NRA donor brought a putative class action lawsuit against the NRA, Wayne LaPierre, and The NRA Foundation in the U.S. District Court for the Middle District of Tennessee, alleging fraud and RICO claims in relation to NRA fundraising and expenditures. All defendants filed motions to dismiss and on September 30, 2020, the court dismissed all claims against Wayne LaPierre, all claims against The NRA Foundation, and the RICO claim against the NRA, allowing only the fraud claim against the NRA to continue at this early procedural stage but with the court "noting that many of the statements cited by Plaintiffs do not make any representations regarding the use of donor funds."

On June 25, 2024, Dell'Aquila filed his Third Amended Complaint, asserting, inter alia, the following causes of action against NRA: fraud, violations of RICO, RICO conspiracy, breach of contract, and tortious interference with contract

On August 2, 2024, NRA Filed a motion to dismiss all claims, asserting the following defenses: failure to state a claim; failure to allege reasonable reliance; failure to adequately plead predicate acts of mail and wire fraud; failure to adequately plead money laundering; failure to plead causation; failure to show scienter to establish a scheme to defraud, no showing of either specific intent to defraud or recklessness with respect to potentially misleading information; time barred; failure to allege NRA Foundation made any promises/contracts to Plaintiffs; failure to allege NRA knew of any contract; and failure to allege NRA acted maliciously.

On November 15, 2024, NRA filed an unopposed request for oral argument on the motion to dismiss all claims.

Because this case is still in the motion to dismiss stage, the outcome is difficult to predict. Being a putative class action adds further to the uncertainty since it has not been certified as a class action.

National Rifle Association of America v. Ackerman McQueen, Inc. et al., Civil Action No. 3:22-CV-1944-G (United States District Court for the Northern District of Texas)

The NRA is the plaintiff in a lawsuit pending in the United States District Court for the Northern District of Texas (the "NDTX"), Judge A. Joe Fish presiding. The NRA filed the litigation on September 1, 2022, asserting against Ackerman McQueen, Inc. and Mercury Group (together "AMC") a claim for breach of the Confidential Settlement Agreement ("CSA") that ended previous litigation between the NRA and AMC. The NRA alleges that Under Wild Skies, Inc. ("UWS"), and its owner/principal/control person Anthony Makris ("Makris") are covered by the broad definition of "AMC" and release in the CSA and, thus, pursuant to the release, should have dismissed pending litigation brought by UWS against the NRA in a Virginia court (the "UWS Litigation").

**NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS**

On September 1, 2022, the NRA moved to file (under seal) a complaint against Ackerman and its subsidiary, Mercury Group, in the U.S. District Court for the Northern District of Texas. The complaint demands that Ackerman pay the NRA's costs of defending the UWS case, as well as the cost of any judgments awarded against the NRA in that case.

Ackerman filed its answer (under seal) on September 28, 2022. With the UWS trial then having concluded, NRA filed an amended complaint, adding claims against Makris. Ackerman and Mercury Group filed an answer. Makris was served on January 11, 2023, as the NRA was seeking leave to file a second amended complaint. That motion was filed on February 2, 2023, the day after Makris had filed a motion to dismiss. However, the court then granted the NRA's unopposed motion on February 15.

On March 15, all defendants responded to the second amended complaint. AMc and Mercury Group filed a motion for summary judgment in which they assert res judicata and collateral estoppel, and challenge whether UWS is an affiliate or related company for purposes of the applicability of the settlement agreement's release terms. Makris filed a motion to dismiss, in which he asserts mootness and collateral estoppel. Makris also asserts that the statute of limitations bars the NRA's breach of fiduciary duty and fraud claims. The NRA filed an opposition.

On April 29, 2024, Makris filed a second amended answer, which adds an affirmative defense of laches, and adds or modifies affirmative defenses that the CSA released the NRA's claims against him and also that he is not a party to the CSA. A counter claim for attorney fees is also included.

On June 18, 2024, a newly assigned judge raised, sua sponte, the issue of whether there was sufficient diversity of citizenship between the adverse parties to support subject matter jurisdiction and ordered NRA to amend its complaint "to properly allege a basis for the Court's jurisdiction...."

On July 2, 2024, the NRA filed a Third Amended Complaint alleging facts to support diversity jurisdiction.

On July 16, 2024, the defendants Ackerman and Mercury filed an Amended Answer to Plaintiff's Third Amended Complaint. Defendant Makris filed an Answer to Plaintiff's Third Amended Complaint and Counter-Claim for an Award of Attorney Fees.

On July 19, 2024, NRA filed a brief asserting that the court had subject matter diversity jurisdiction.

On July 29, 2024, Ackerman and Mercury Group filed a brief in opposition to jurisdiction.

The parties then filed briefs followed by a joint statement on August 22, 2024, which states facts that strongly suggest that such diversity does exist to support jurisdiction.

On November 18, 2024, Ackerman and Mercury filed a supplemental brief arguing that Wayne LaPierre essentially controlled Mercury Group which made the "nerve center" of Mercury Group in Virginia, thus defeating complete diversity between the defendants. The weakness in their argument is that people who are not officers of a corporation are typically not considered in the "nerve center" analysis.

**NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS**

In February 2025, NRA filed a reply brief in favor of the court having subject matter jurisdiction.

NRA's is seeking a ruling in this case that would mitigate loss by NRA resulting from *Under Wild Skies v. NRA* (See comments on that case below). Ackerman is seeking an award of attorney's fees. Because this case is still at the initial pleadings stage, with jurisdiction disputed, the outcome is difficult to predict.

Giffords v. National Rifle Association of America Political Victory Fund, et al., Civil Action No. 1:21-CV-02887-LLA, United States District Court for the District of Columbia

This is an extremely rare "citizen suit" under 52 U.S.C. § 30109(a)(8)(C) by an FEC administrative complainant (the gun-control group Giffords) against the NRA and NRA-PVF in the U.S. District Court for the District of Columbia. In the more than 50 years since FECA was enacted, no such citizen suit has ever been litigated through trial to a final judgment on liability. The complaint arises out of Federal Election Commission (FEC) complaints filed by Giffords in 2018 and 2019, alleging unlawful coordination of tens of millions of dollars of independent expenditures in 2014, 2016, and 2018 federal elections. Giffords sued the FEC in early 2019 for "failing to act" on those complaints. In October of 2021, the D.D.C. granted Giffords the right to sue NRA and NRA-PVF directly.

While the defendants' motion to dismiss was pending, the case was stayed while similar, precedent-setting cases made their ways through the District of D.C. and in some cases the D.C. Circuit. In December, 2024 the D.D.C. lifted its stay, denied without prejudice the NRA Parties' then-stale motion to dismiss, and granted Giffords the right to file an amended complaint. Giffords filed its amended complaint on January 15, 2025, and the NRA Parties filed a new motion to dismiss on March 7.

The plaintiff asks for declaratory relief, injunctions, "an appropriate civil penalty," and "costs and reasonable attorneys' fees." The NRA parties intend to continue to vigorously defend this matter. The suit is ideologically motivated, is in nearly uncharted territory, and is proceeding in the light of recent new precedent. For those reasons, it is impossible to make a reasonably reliable prediction about the likelihood of success for either party, or the amount of any potential loss.

Under Wild Skies v. NRA (Fairfax County, Va. Circuit Court, Virginia Court of Appeals, Virginia Supreme Court):

Under Wild Skies, Inc. (UWS) is a television production company that produced an eponymous hunting show, that had been sponsored by the NRA.

UWS filed suit against NRA on September 11, 2019, alleging breach of contract after a dispute arose between the parties regarding the metrics of the show. UWS is seeking damages in excess of \$17 million.

The NRA filed a demurrer, answer, and affirmative defenses on October 10, 2019. UWS served an amended complaint on November 21, 2019, which stated the same claim for damages.

The NRA filed an additional demurrer, answer, and affirmative defenses, as well as a counterclaim for breach of contract by UWS, on December 12, 2019. The NRA's counterclaim seeks \$10 million in damages to be proved at trial. The court denied the NRA's demurrer on January 10, 2020.

The case went to trial on September 12, 2022.

**NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS**

Notes to Financial Statements

On September 19, 2022, the jury found the NRA liable for two counts for breach of contract and awarded \$550,000 (the amount of the installment payments that the NRA allegedly did not make), plus pre-judgment and post-judgment interest. The jury found no liability for the NRA on UWS's anticipatory repudiation claims, and no liability for UWS on the NRA's counterclaims for breach of contract. The court so-ordered the jury's findings in a Final Order, dated October 13, 2022.

On December 12, 2024, the Virginia Supreme Court granted the UWS petition for appeal. The issue centers on whether the doctrine of "reasonable assurances" is a part of the doctrine of "anticipatory breach."

On February 18, 2025, NRA filed its opposition brief with the Virginia Supreme Court on issues related to whether the doctrine of "reasonable assurances" is a part of the doctrine of "anticipatory breach."

There is now a risk that UWS could recover prospective damages related to the approximately 7 years of unproduced shows (approximately 90 episodes). If that happens, the damages could go up significantly from the current judgment of \$550,000 plus interest. However, NRA does not know how the court will rule on the issues appealed or whether the ruling would apply retroactively if it effectively changes current state law.

Other Matters

In mid-2024, a party to a contract with NRA indicated a lawsuit might be filed for wrongful termination of the contract. No such lawsuit has been filed. At this time the claim seems to have little merit and is unlikely to result in a material loss to NRA.

14. RELATED PARTIES

The NRA and the NRA Foundation are financially interrelated entities as the NRA is able to influence the Foundation's operating and financial decisions as well as the NRA having ongoing economic interest in the net assets of the Foundation. The NRA is affiliated with CRDF, SCF and the FAF by virtue of the control vested with the NRA's Board of Directors to appoint the Board of Trustees of each affiliate. The PVF is a separately unincorporated political action committee of the NRA whose five officers are NRA employees. The VF is a separately incorporated super political action committee of the NRA whose three officers are NRA employees. The NRA provides certain benefits to the affiliates at no cost, among which are the use of office space and other administrative and support services. Management has determined that the fair value of these benefits is minimal, and accordingly, no amounts are reflected in these financial statements.

The Foundation reimburses the NRA for certain expenses, such as salaries, benefits, and general operating expenses, paid by the NRA on the Foundation's behalf. These expenses totaled \$10,709,942 and \$10,925,006 for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, \$38,052,092 and \$35,810,217 respectively, was owed to the NRA and included in due from affiliates for reimbursements and the NRA's beneficial interest in the net assets of the Foundation. The net gain on the NRA's beneficial interest in the net assets of the Foundation totaled \$3,364,045 and \$4,106,232 for the years ended December 31, 2024 and 2023, respectively. In addition, certain qualified NRA programs were funded by Foundation grants totaling \$7,219,321 and \$7,034,205 for the years ended December 31, 2024 and 2023, respectively.

**NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS**

The CRDF reimburses the NRA for general operating expenses paid by the NRA on the CRDF's behalf. These expenses totaled \$16,929 and \$16,897 for years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, \$2,613 and \$1,198, respectively, was owed to the NRA for general operating expenses and included in due from affiliates. The CRDF reimburses the NRA for qualified legal costs totaling \$505,000 and \$595,496 for the years ended December 31, 2024 and 2023, respectively. The CRDF owes NRA \$360,000 and \$190,000 for promised grant funding for the years ended December 31, 2024 and 2023, respectively.

All permanent employees of the SCF are maintained as employees of the NRA and the SCF reimburses the NRA for the total employee costs including benefits. The SCF reimburses the NRA for certain other expenses paid by the NRA on the SCF's behalf. These expenses totaled \$2,222,483 and \$2,216,348 for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, \$321,253 and \$368,335, respectively, was owed to the NRA for salaries, insurance and benefits net of certain other expenses owed by the NRA to the SCF and included in due from affiliates.

The FAF reimburses the NRA for qualified legal costs totaling \$1,492,500 and \$1,000,000 for the years ended December 31, 2024 and 2023, respectively.

The NRA paid administrative and fundraising expenses of \$308,305 and \$2,587,435 for the years ended December 31, 2024 and 2023, respectively, on behalf of the PVF. The PVF reimburses the NRA for salary expenses that totaled \$77,789 and \$39,337 for the years ended December 31, 2024 and 2023, respectively.

The NRA paid administrative and fundraising expenses of \$0 and \$2,000 for the years ended December 31, 2024 and 2023, respectively, on behalf of the VF.

While members of the NRA Board of Directors serve as uncompensated volunteers, some directors receive compensation from the NRA, either directly or through business organizations, for other professional services provided to the NRA. Other directors receive membership recruitment commissions (personally or through other entities) on the same terms as available to any other recruiter and in amounts that are not material for the purposes of these statements.

To ensure that individuals are adequately represented in connection with investigations or litigation arising from their service to the NRA, the NRA from time to time advances or reimburses legal expenses to certain officers, directors, or employees.