NATIONAL RIFLE ASSOCIATION OF AMERICA

FINANCIAL STATEMENTS

as of December 31, 2023 and 2022

AND

REPORT THEREON

NATIONAL RIFLE ASSOCIATION OF AMERICA

TABLE OF CONTENTS

Independent Auditor's Report

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 Statement of Financial Position as of December 31, 2023 and 2022, 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, 2023 and 2022, 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 13 to the financial statements, the National Rifle Association of America (NRA) is a defendant in a lawsuit filed by New York State which seeks to appoint an independent compliance monitor. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the accompanying financial statements are those of the National Rifie 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.

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 Rifie 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
July 12, 2024

NATIONAL RIFLE ASSOCIATION OF AMERICA
STATEMENTS OF FINANCIAL POSITION
as of December 31, 2023 and 2022

ASSETS

	2023	2022
Cash and cash equivalents	$ 6,174,497	$ 10,619,252
Restricted cash	125,001	1,451,812
Investments	72,335,444	70,950,051
Members' dues receivable, net	4,643,563	7,621,571
Accounts receivable, net	8,399,274	7,924,744
Due from affiliates	36,369,750	30,698,408
Inventories and supplies, net	6,560,354	10,612,378
Prepaid expenses	4,462,082	4,037,417
Property and equipment, net	23,316,497	25,069,822
Finance lease right-of-use-asset, net	1,085,917	914,207
Other assets	4,613,959	4,202,681
Total assets	$ 168,086,338	$ 174,102,343

LIABILITIES AND NET ASSETS

	2023	2022
Accounts payable	$ 13,177,401	$ 15,234,373
Accrued liabilities	35,016,633	32,160,164
Finance lease liability	1,097,852	913,903
Note payable and lines of credit	49,627,891	43,749,101
Deferred revenue	47,033,398	40,205,350
Total liabilities	145,953,175	132,262,891
Net assets (deficit):		
Without donor restrictions		
Net assets without donor restrictions	(25,238,705)	3,510,849
Cumulative pension liability	(14,738,830)	(17,182,568)
Total net asset (deficit) without donor restrictions	(39,977,535)	(13,671,719)
With donor restrictions	62,110,698	55,511,171
Total net assets	22,133,163	41,839,452
Total liabilities and net assets	$ 168,086,338	$ 174,102,343

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, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:						
Members' dues	$ 61,825,078	$ -	$ 61,825,078	$ 83,274,950	$ -	$ 83,274,950
Program fees	5,165,452	-	5,165,452	5,143,288	-	5,143,288
Contributions	49,655,805	3,181,365	52,837,170	63,373,911	1,932,636	65,306,547
Contributions from interrelated entity	-	8,667,509	8,667,509	-	6,408,509	6,408,509
Advertising	21,451,750	-	21,451,750	21,215,649	-	21,215,649
Member and merchandise sales	2,498,710	-	2,498,710	2,858,167	-	2,858,167
Shows and exhibits	12,093,808	-	12,093,808	12,260,454	-	12,260,454
Investment income, net	2,011,344	1,049,493	3,060,837	2,683,240	(57,855)	2,625,385
Insurance administration fees	5,836,486	-	5,836,486	7,457,024	-	7,457,024
Other	5,004,763	-	5,004,763	6,985,550	-	6,985,550
Assets released from restrictions	12,801,152	(12,801,152)	-	10,234,106	(10,234,106)	-
Total revenue and other support	178,344,348	97,215	178,441,563	215,486,339	(1,950,816)	213,535,523
Expenses:						
Program services:						
Legislative programs	17,895,051	-	17,895,051	20,610,231	-	20,610,231
Publications	31,763,182	-	31,763,182	31,635,706	-	31,635,706
Public affairs	1,539,614	-	1,539,614	1,338,083	-	1,338,083
Shows and exhibits	5,286,659	-	5,286,659	5,065,552	-	5,065,552
Competitions	1,977,027	-	1,977,027	2,237,625	-	2,237,625
Education and training	3,469,469	-	3,469,469	3,246,806	-	3,246,806
Hunter services	574,310	-	574,310	555,629	-	555,629
Field services	1,541,099	-	1,541,099	1,319,404	-	1,319,404
Law enforcement	1,857,348	-	1,857,348	1,766,550	-	1,766,550
Recreational shooting	5,166,003	-	5,166,003	5,100,434	-	5,100,434
	71,069,762	-	71,069,762	72,876,020	-	72,876,020
Member services and acquisition	45,976,586	-	45,976,586	58,641,147	-	58,641,147
Administrative	47,213,206	-	47,213,206	47,891,751	-	47,891,751
Executive office	18,202,388	-	18,202,388	19,110,522	-	19,110,522
Fundraising	26,939,715	-	26,939,715	30,153,537	-	30,153,537
Total expenses	209,401,657	-	209,401,657	228,672,977	-	228,672,977
Change in net assets before other changes	(31,057,309)	97,215	(30,960,094)	(13,186,638)	(1,950,816)	(15,137,454)
Unrealized gain (loss) on investments, net	4,411,800	2,396,080	6,807,880	(11,923,255)	(3,578,493)	(15,501,748)
Legal settlement costs	(435,000)	-	(435,000)	(12,370,166)	-	(12,370,166)
Reimbursement of legal / settlement costs	3,294,216	-	3,294,216	1,761,069	-	1,761,069
Gain (loss) on interest in interrelated entity	-	4,106,232	4,106,232	-	(5,929,313)	(5,929,313)
Net periodic pension (cost) income other than service costs	(4,963,261)	-	(4,963,261)	2,675,203	-	2,675,203
Other net pension plan gain	2,443,738	-	2,443,738	8,539,379	-	8,539,379
Change in net assets	(26,305,816)	6,599,527	(19,706,289)	(24,504,408)	(11,458,622)	(35,963,030)
Net assets (deficit), beginning of year	(13,671,719)	55,511,171	41,839,452	10,832,689	66,969,793	77,802,482
Net assets (deficit), end of year	$ (39,977,535)	$ 62,110,698	$ 22,133,163	$ (13,671,719)	$ 55,511,171	$ 41,839,452

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

NATIONAL RIFLE ASSOCIATION OF AMERICA
STATEMENTS OF FUNCTIONAL EXPENSES
for the years ended December 31, 2023 and 2022

2023

	Legislative Programs	Publications	Public Affairs	Shows & Exhibits	Competitions	Education & Training	Hunter Services	Field Services	Law Enforcement	Recreational Shooting	Total Program Expenses	Member Services and Acquisition	Administrative	Executive Office	Fundraising	Total
Salaries, benefits and taxes	$ 7,544,713	$ 7,573,652	$ 724,794	$ 598,300	$ 662,407	$ 882,590	$ 84,520	$ 702,912	$ 949,740	$ 953,221	$ 20,676,849	$ 2,530,097	$ 2,157,612	$ 7,501,968	$ 2,598,226	$ 35,464,752
Office supplies	946,275	107,449	-	142,293	63,135	39,448	163,245	55,424	32,698	57,323	1,607,290	184,777	45,365	119,606	221,384	2,178,422
Travel & entertainment	747,220	403,346	-	196,270	90,559	41,385	1,351	150,642	274,546	28,934	1,934,253	84,540	6,080	(145,957)	429,485	2,308,401
Fulfillment material	-	-	-	-	115,997	197,851	-	-	76,876	58,106	448,830	3,471,515	-	-	1,910,415	5,830,760
Occupancy	1,026,917	570,758	-	93,762	237,382	371,327	11,906	49,842	220,266	1,748,736	4,330,896	648,149	1,009,058	688,332	615,406	7,291,841
Data processing	277,194	255,792	-	63,516	124,962	326,902	-	127,599	81,122	28,651	1,285,738	577,862	55,232	808,454	341,746	3,069,032
Printing and publications	-	22,040,342	-	-	-	-	-	-	-	-	22,040,342	-	-	-	-	22,040,342
Member communications	376,674	-	-	-	-	-	-	-	-	-	376,674	36,150,013	-	-	8,854,600	45,381,287
Advertising	483,669	-	-	-	-	-	-	-	-	-	483,669	-	-	-	6,499,022	6,982,691
Committee & annual mtgs	34,327	-	-	-	-	-	-	-	-	-	34,327	-	-	2,391,796	-	2,426,123
Legal, audit and taxes	4,442,273	-	-	-	-	-	-	-	-	-	4,442,273	-	43,137,335	-	555,559	48,135,167
Professional services and other	1,384,646	364,015	809,205	4,116,671	461,386	753,907	224,119	-	80,758	764,412	8,959,119	1,925,197	104,371	6,369,672	4,549,510	21,907,869
Depreciation & amertization	277,841	251,463	5,615	43,589	78,679	80,340	1,286	348,291	55,651	523,504	1,666,259	181,446	292,734	229,675	152,638	2,522,752
Cost of merchandise sold	-	-	-	-	60,851	647,967	83,787	-	9,910	401,990	1,204,505	-	-	-	-	1,204,505
Interest expense	353,302	196,365	-	32,258	81,669	127,752	4,096	106,389	75,781	601,126	1,578,738	222,990	405,419	238,842	211,724	2,657,713
	$ 17,895,051	$ 31,763,182	$ 1,539,614	$ 5,286,659	$ 1,977,027	$ 3,469,469	$ 574,310	$ 1,541,099	$ 1,857,348	$ 5,166,003	$ 71,069,762	$ 45,976,586	$ 47,213,206	$ 18,202,388	$ 26,939,715	$ 209,401,657
Net periodic pension cost other than service costs	1,055,876	1,059,925	101,434	83,732	92,703	123,518	11,829	98,372	132,915	133,403	2,893,707	354,085	301,956	1,049,894	363,619	4,963,261
	$ 18,950,927	$ 32,823,107	$ 1,641,048	$ 5,370,391	$ 2,069,730	$ 3,592,987	$ 586,139	$ 1,639,471	$ 1,990,263	$ 5,299,406	$ 73,963,469	$ 46,330,671	$ 47,515,162	$ 19,252,282	$ 27,303,334	$ 214,364,918

2022

	Legislative Programs	Publications	Public Affairs	Shows & Exhibits	Competitions	Education & Training	Hunter Services	Field Services	Law Enforcement	Recreational Shooting	Total Program Expenses	Member Services and Acquisition	Administrative	Executive Office	Fundraising	Total
Salaries, benefits and taxes	$ 8,494,374	$ 7,954,973	$ 807,330	$ 650,926	$ 815,274	$ 798,400	$ 47,196	$ 587,646	$ 976,990	$ 1,057,409	$ 22,190,515	$ 2,751,891	$ 2,396,989	$ 8,507,345	$ 2,805,773	$ 38,652,513
Office supplies	919,239	129,980	-	90,781	59,304	23,957	113,839	62,512	22,525	40,152	1,462,289	372,058	38,631	118,510	141,671	2,133,159
Travel & entertainment	690,151	360,963	-	(59,346)	64,115	38,257	1,247	181,643	200,851	36,793	1,514,674	58,693	5,267	130,633	508,987	2,218,254
Fulfillment material	-	-	-	-	92,468	142,628	-	-	36,658	38,973	310,727	5,013,165	-	-	2,442,500	7,766,392
Occupancy	1,091,950	606,903	-	99,700	252,415	394,843	12,660	63,623	234,215	1,859,480	4,615,789	689,195	1,072,960	731,923	654,379	7,764,246
Data processing	296,709	204,733	-	66,427	198,601	292,962	-	112,902	106,625	19,758	1,298,717	408,444	70,175	1,080,553	274,226	3,132,115
Printing and publications	-	21,696,686	-	-	-	-	-	-	-	-	21,696,686	-	-	-	-	21,696,686
Member communications	2,143,587	-	-	-	-	-	-	-	-	-	2,143,587.00	46,788,496	-	-	12,230,677	61,162,760
Advertising	1,103,433	-	-	-	-	-	-	-	-	-	1,103,433.00	-	-	-	8,107,297	9,210,730
Committee & annual mtgs	14,430	-	-	-	-	-	-	-	-	-	14,430.00	-	-	2,033,485	-	2,047,915
Legal, audit and taxes	1,712,828	-	-	-	-	-	-	-	-	-	1,712,828	-	43,753,405	-	544,125	46,010,358
Professional services and other	3,663,125	348,363	525,686	4,140,012	557,680	831,599	212,557	-	60,595	839,355	11,178,975	2,254,163	49,651	6,147,531	2,181,837	21,812,157
Depreciation & amertization	287,124	225,680	5,067	46,789	64,419	81,148	2,527	257,455	82,148	517,166	1,569,523	183,051	314,473	227,394	146,233	2,440,674
Cost of merchandise sold	-	-	-	12,616	88,670	573,123	163,362	-	4,486	362,490	1,204,747	-	-	-	-	1,204,747
Interest expense	193,281	107,425	-	17,647	44,679	69,889	2,241	53,623	41,457	328,858	859,100	121,991	190,200	133,148	115,832	1,420,271
	$ 20,610,231	$ 31,635,706	$ 1,338,083	$ 5,065,552	$ 2,237,625	$ 3,246,806	$ 555,629	$ 1,319,404	$ 1,766,550	$ 5,100,434	$ 72,876,020	$ 58,641,147	$ 47,891,751	$ 19,110,522	$ 30,153,537	$ 228,672,977
Net periodic pension income other than service costs	(573,487)	(554,381)	(56,263)	(45,363)	(56,816)	(55,640)	(3,289)	(40,953)	(68,086)	(73,691)	(1,527,969)	(191,779)	(167,046)	(592,876)	(195,533)	(2,675,203)
	$ 20,036,744	$ 31,081,325	$ 1,281,820	$ 5,020,189	$ 2,180,809	$ 3,191,166	$ 552,340	$ 1,278,451	$ 1,698,464	$ 5 026,743	$ 71,348,051	$ 58,449,368	$ 47,724,705	$ 18,517,646	$ 29,958,004	$ 225,997,774

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, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (19,706,289)	$ (35,963,030)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,233,100	2,317,326
Amortization of finance lease right-of-use asset	289,652	123,348
Provision for losses on pledges receivable	-	50,000
Provision for losses on accounts receivable	64,061	64,061
Provision for losses on inventory	-	612,000
Contributions restricted for long-term investment	(934,434)	(572,707)
Net unrealized and realized (gain) loss on investments	(8,131,736)	15,383,606
Net gain on pension obligation	(2,443,738)	(8,539,379)
Changes in assets and liabilities:		
Decrease in pledges receivable	-	881,739
Decrease in members' dues receivable, net	2,978,008	2,902,754
(Increase) decrease in accounts receivable, net	(538,591)	3,655,356
(Increase) decrease in due from affiliates	(5,671,342)	6,064,337
Decrease in inventories and supplies, net	4,052,024	1,361,264
(Increase) decrease in prepaid expenses	(424,665)	2,679,537
(Increase) decrease in other assets	(411,278)	637,034
Decrease in accounts payable	(2,056,972)	(3,765,843)
Increase (decrease) in accrued liabilities	5,300,207	(4,882,131)
Increase (decrease) in deferred revenue	6,828,048	(4,666,341)
Total adjustments	1,132,344	14,305,961
Net cash used in operating activities	(18,573,945)	(21,657,069)
Cash flows from investing activities:		
Sales of investments	18,283,877	14,852,129
Purchases of investments	(14,430,218)	(30,213,290)
Purchases of property and equipment	(479,775)	(872,644)
Net cash provided by (used in) investing activities	3,373,884	(16,233,805)
Cash flows from financing activities:		
Principal payments on note payable	(506,405)	(483,861)
Principal payments on lines of credit	(95,426,526)	(103,884,696)
Draw downs on lines of credit and proceeds on note payable	101,811,721	123,554,451
Proceeds from life insurance policy loans	2,915,904	-
Principal payments on life insurance policy	(23,220)	(29,565)
Payments on finance lease liability	(277,413)	(123,651)
Contributions restricted for long-term investment	,934,434	,572,707
Net cash provided by financing activities	9,428,495	19,605,385
Net decrease in cash and cash equivalents and restricted cash	(5,771,566)	(18,285,489)
Cash and cash equivalents and restricted cash at beginning of year	12,071,064	30,356,553
Cash and cash equivalents and restricted cash at end of year	$ 6,299,498	$ 12,071,064
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 2,619,871	$ 1,402,465
Cash paid for taxes	$ 1,117,541	$ 1,075,106
Recognition of finance lease right-of-use asset	$ 464,002	$ 1,037,555
Recognition of finance lease liability	$ 464,002	$ 1,037,555

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, 2023 and 2022.

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, 2023 and 2022. These financial statements for the years ended December 31, 2023 and 2022 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.

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, 2023 and 2022.

	2023	2022
Cash and cash equivalents	$ 6,174,497	$ 10,619,252
Restricted cash	125,001	1,451,812
Total cash and cash equivalents and restricted cash	$ 6,299,498	$ 12,071,064

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, 2023 and 2022, the NRA's cash balances held at the financial institutions exceeded the FDIC limit by approximately $4,866,000 and $10,776,000, 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.

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.

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.

Member's Dues revenue for the years ended December 31, 2023 and 2022 consisted of the following:

	2023	2023
Recognized as a contribution	$ 56,756,483	$ 77,746,842
Exchange transaction recognized over time	5,068,595	5,528,108
Total Members' Dues	$ 61,825,078	$ 83,274,950

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 fiiers, 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, 2023 and 2022, consisted of the following:

	2023	2022
Recognized at a point in time	$ 2,392,567	$ 2,373,168
Recognized over time	2,772,885	2,770,120
Total Program Fees	$ 5,165,452	$ 5,143,288

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 fiiers, 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.

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 expenses as incurred.

Contract balances

Contract assets include accounts receivable for services or goods provided for which consideration has not yet been received and totaled $3,072,904, $2,540,875, and $2,553,961 as of January 1, 2022, December 31, 2022, and December 31, 2023 respectively. Contract liabilities include deferred revenue associated with prepayments for services or goods which have not yet been provided to customer and totaled $44,871,691, $40,205,350, and $47,033,398 as of January 1, 2022, December 31, 2022, and December 31, 2023 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 2023 or 2022.

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 2023 and 2022, advertising expense was $6,982,691 and $9,210,730, respectively.

Adopted accounting pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326), or CECL, which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning net assets as of the beginning of the fiscal year of adoption.

The adoption of CECL did not have a material impact. A cumulative effect adjustment to beginning net assets was not required. Financial assets and liabilities held by the NRA subject to the “expected credit loss” model prescribed by CECL include trade and other receivables.

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 2020 through the current year remain open for examination by tax authorities.

The NRA incurred excess executive compensation excise tax that totaled $18,572 and $0 for the years ended December 31, 2023 and 2022, 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 July 12, 2024, which is the date the financial statements were available to be issued.

In January 2024, the NRA liquidated $28,000,000 of NRA's investment portfolio to payoff the NRA's Line of Credit ("LOC") with Atlantic Union Bank. The excess funds over the LOC balance from this payoff were transferred to NRA's operating account with Atlantic Union Bank.

In February 2024, an additional $16,600,000 was liquidated of NRA's investment portfolio and transferred to NRA's operating account with Atlantic Union Bank.

2. AVAILABILITY AND LIQUIDITY

The following represents NRA's financial assets and liquidity resources at December 31, 2023 and 2022:

Financial assets at year-end:	2023	2022
Cash and cash equivalents	$ 6,174,497	$ 10,619,252
Members' dues receivable available within one year, net	2,758,403	4,610,912
Accounts receivable available within one year, net	8,399,274	7,924,744
Due from affiliates	14,617,607	8,988,376
Investments	72,335,444	70,950,051
Total financial assets	104,285,225	103,093,335
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(40,355,715)	(33,801,139)
Investments held as collateral (a)	(23,540,187)	(26,154,992)
	(63,895,902)	(59,956,131)
Financial assets available to meet general expenditures over the next twelve months	$ 40,389,323	$ 43,137,204

(a) While total investments pledged as collateral total $45,248,186 for 2023 and $44,206,726 for 2022, 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).

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 (See Note 1). 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, 2023 and 2022 consist of:

	2023	2022
Money market funds	$ 422,630	$ 1,079,460
Equity securities	47,826,542	46,596,644
Fixed income securities	20,110,743	16,672,815
Alternative investments	3,911,300	3,644,219
Other	64,229	2,956,913
	$ 72,335,444	$ 70,950,051

4. MEMBERS' DUES RECEIVABLE

Members' dues receivable as of December 31, 2023 and 2022 consist of:

	2023	2022
Members' dues	$ 5,060,115	$ 8,305,120
Less: discount	(416,552)	(683,549)
	$ 4,643,563	$ 7,621,571

Members' dues due in more than one year have been recorded at the present value of estimated cash flows, discounted by rates ranging from 3.88% to 4.23% and 3.88% to 4.41% for the years ended December 31, 2023 and 2022, respectively.

5. ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2023 and 2022 consist of:

	2023	2022
Contributions	$ 2,355,810	$ 1,309,467
Advertising	2,553,961	2,540,875
Other	3,757,035	4,259,993
	8,666,806	8,110,335
Less: allowance for doubtful accounts	(267,532)	(185,591)
	$ 8,399,274	$ 7,924,744

Following are the changes in the allowance for doubtful accounts during the years ended December 31, 2023 and 2022, respectively:

	2023	2022
Allowance at beginning of year	$ 185,591	1,411,981
Provision for losses on accounts receivable	64,061	64,061
Write-offs, net of recoveries	17,880	(1,290,451)
Allowance at end of year	$ 267,532	185,591

6. INVENTORIES AND SUPPLIES

Inventories and supplies as of December 31, 2023 and 2022 consist of:

	2023	2022
Sales inventories	$ 1,474,277	$ 1,732,877
Supplies:		
Magazine paper	1,397,961	2,610,000
Fulfillment and promotional materials	4,571,377	7,223,838
Other	28,970	80,079
	7,472,585	11,646,794
Less: obsolescence allowance	(912,231)	(1,034,416)
	$ 6,560,354	$ 10,612,378

7. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023 and 2022 consist of:

	2023	2022
Land	$ 5,380,792	$ 5,380,792
Buildings and improvements	57,400,146	57,366,442
Furniture, fixtures and equipment	16,539,828	16,558,392
	79,320,766	79,305,626
Less: accumulated depreciation	(56,004,269)	(54,235,804)
	$ 23,316,497	$ 25,069,822

Depreciation expense for the years ended December 31, 2023 and 2022 was $2,233,100 and $2,317,326, respectively.

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, 2023 and 2022, $16,087,704 and $16,594,109, 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, 2022. On September 27, 2022, the NRA amended this agreement which now expires on September 27, 2024. 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, 2023 and 2022, $10,000,000 and $1,000,000 was payable under the agreement at an interest rate of 6.35% and 5.36%, respectively.

The NRA maintains a $28,000,000 line of credit agreement which expired September 27, 2022. On September 27, 2022, the NRA amended this agreement which now expires on September 27, 2024. Under the terms of this 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, 2023 and 2022, $23,540,187 and $26,154,992 was payable at interest rates of 6.35% and 5.36% respectively.

On the $28,000,000 line of credit agreement, the NRA has pledged as collateral $45,248,186 and $44,206,726 at December 31, 2023 and 2022, 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 minimum cash and investment balances of at least $60,000,000, measured as of the last day of each fiscal year and tested no later than the date that is one hundred twenty days after the end of such fiscal year. 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 both requirements at December 31, 2023 and 2022.

The annual principal payments related to these obligations at December 31, 2023 are as follows:

2024	$ 34,068,115
2025	554,595
2026	580,435
2027	607,478
2028	634,007
2029 and thereafter	13,183,261
Total minimum future payments	$ 49,627,891

Interest expense for the years ended December 31, 2023 and 2022, was $2,657,713 and $1,420,271, respectively.

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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.

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, 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)

	As of December 31, 2022		
	Total	Level 1	Level 2
Equity securities:			
Communication services	$ 3,777,556	$ 3,777,556	$ -
Consumer discretionary	5,421,871	5,421,871	-
Consumer staples	3,072,224	3,072,224	-
Energy	2,380,608	2,380,608	-
Financial services	7,815,754	7,815,754	-
Healthcare	4,800,595	4,800,595	-
Industrials	5,211,433	5,211,433	-
Information technology	7,778,658	7,778,658	-
Materials	2,857,009	2,857,009	-
Multi-strategy mutual funds	862,342	862,342	-
Real Estate	1,526,946	1,526,946	-
Utilities	1,091,648	1,091,648	-
Total equity securities	46,596,644	46,596,644	-
Fixed income securities:			
Multi-strategy bond funds	16,672,815	16,672,815	-
Money market	1,079,460	1,079,460	-
Investments at fair value	$ 64,348,919	$ 64,348,919	$ -
Other investments	2,956,913		
Alternative investments:			
Multi-strategy fund-of-funds [measured using a net asset value per share (or its equivalent) practical expedient]	3,644,219		
Total investments	$ 70,950,051		
Other assets – multi-strategy mutual funds:			
Deferred compensation plan	$ 2,705,872	$ 2,705,872	$ -
Supplemental executive retirement plan	517,757	517,757	-
Total other assets	3,223,629	3,223,629	-
Total assets	$ 74,173,680	$ 67,572,548	$ -
Deferred compensation liability	$ (2,705,872)	$ -	$ (2,705,872)
Supplemental executive retirement liability	(517,757)	-	(517,757)
Total liabilities	$ (3,223,629)	$ -	$ (3,223,629)

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.

	2023 Fair Value	2022 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy fund-of-funds (a)	$ 3,911,300	$ 3,644,219	$ -	semi-annually	105 days
	$ 3,911,300	$ 3,644,219	$ -		

(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:

	2023	2022
Legislative programs	$ 23,913,258	$ 22,287,300
National Firearms Museum	11,024,135	9,713,367
Education and training	7,861,796	6,760,808
Hunter services	5,636,941	5,165,688
Recreational shooting	2,654,155	2,408,392
Competitions	1,678,388	1,578,579
Law enforcement	1,047,196	977,748
Field services	338,206	285,444
Community outreach	10,464	18,253
Other	5,831,769	5,089,819
Other, passage of time	2,114,390	1,225,773
Total	$ 62,110,698	$ 55,511,171

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.

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, 2023 and 2022 are as follows:

	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	$ 2,517,961	$ 60,153,070	$ 62,671,031
Donor-restricted endowments	$ -	$ 60,153,070	$ 60,153,070
Board designated endowment	2,517,961	-	2,517,961
Total endowments	$ 2,517,961	$ 60,153,070	$ 62,671,031

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 2,742,553	$ 64,812,610	$ 67,555,163
Interest and dividends, net	360,646	1,414,746	1,775,392
Net depreciation	-	(9,852,736)	(9,852,736)
Contributions	-	572,707	572,707
Amount appropriated for expenditure	-	(2,268,314)	(2,268,314)
Other Changes	-	(696,982)	(696,982)
Endowment net assets, end of year	$ 3,103,199	$ 53,982,031	$ 57,085,230
Donor-restricted endowments	$ -	$ 53,982,031	$ 53,982,031
Board designated endowment	3,103,199	-	3,103,199
Total endowments	$ 3,103,199	$ 53,982,031	$ 57,085,230

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 2023 and 2022.

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, 2023 and 2022 consist of the following:

	2023	2022
Interest cost on projected benefit obligation	$ 6,398,923	$ 4,870,953
Return on plan assets	(6,279,340)	(9,211,274)
Recognized net actuarial loss	794,193	1,665,118
Recognized settlement loss	4,049,485	-
Net periodic benefit cost/(income)	4,963,261	(2,675,203)
Other changes	(2,443,738)	(8,539,379)
Total recognized in statements of activities	$ 2,519,523	$ (11,214,582)

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, 2023 and 2022 (utilizing a measurement date of December 31):

	2023	2022
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 125,034,894	$ 169,537,815
Interest cost	6,398,923	4,870,953
Actuarial loss/(gain)	3,840,442	(42,397,256)
Benefits paid	(7,352,591)	(6,976,618)
Plan settlements and annuity purchase	(29,176,027)	-
Projected benefit obligation at end of year	$ 98,745,641	$ 125,034,894

	2023	2022
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 101,453,330	$ 134,741,669
Actual return on plan assets	7,719,842	(26,311,721)
Benefits paid	(7,352,591)	(6,976,618)
Plan settlements and annuity purchase	(29,176,027)	-
Fair value of plan assets at end of year	$ 72,644,554	$ 101,453,330
Accrued pension costs reflected in the statements of financial position in accrued liabilities	$ (26,101,087)	$ (23,581,564)
Amounts recognized in net assets without donor restrictions:		
Total net loss	$ 14,738,830	$ 17,182,568
Prior service cost	-	-
Total	$ 14,738,830	$ 17,182,568

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. The significant gain related to changes in the benefit obligation for the period ending December 31, 2022 was due to the increase in the discount rate.

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 $680,317 and $772,125, 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, 2023 and 2022:

	2023	2022
Discount rate used to determine benefit obligation	5.35%	5.50%
Discount rate used to determine net periodic benefit cost	5.50%	2.90%
Rate of compensation increase	N/A	N/A
Expected return on plan assets	7.50%	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;
- 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, 2023 and 2022.

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, 2023 and 2022, the fair value and the asset allocation of the NRA's pension plan assets was as follows:

	2023		2022	
Asset category:				
Multi-strategy equity Mutual funds/PSAs	$ 47,303,868	65.1%	$ 61,242,293	60.4%
Multi-strategy fixed income Mutual funds/ PSAs	24,516,960	33.8	39,774,799	39.2
Cash	823,726	1.1	436,238	0.4
	$ 72,644,554	100.0%	$101,453,330	100.0%

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 2024, the estimated contribution requirement is expected to be approximately $2.9M.

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

2024	$	7,118,616
2025	$	7,077,024
2026	$	7,036,476
2027	$	7,083,369
2028	$	7,076,167
2029 – 2033 (total)	$	35,155,981

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. Effective May 22, 2020, the NRA no longer matched participant contributions. As of January 1, 2022, NRA reinstated the 401k employer match at 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 $1,122,231 and $1,185,450 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, the NRA had assets relating to the cash surrender values of the whole life insurance policies of $2,980,133 and $2,956,913, respectively and is included in investments on the accompanying statements of financial position. At December 31, 2023, the NRA had loans against the whole life insurance policies of $2,915,904 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, 2023 and 2022 was $23,220 and $29,565 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, 2023 and 2022. At December 31, 2023 and 2022, the NRA held assets, and had related obligations, relating to this plan of $3,323,221 and $2,705,872.

The NRA has also established a 457(f) supplemental executive retirement plan for the benefit of certain executives. At December 31, 2023 and 2022, the NRA held assets, and had related obligations, relating to the plan of $367,541 and $517,757, respectively. The NRA incurred deferred compensation expense of $36,750 and $73,320 for the years ended December 31, 2023 and 2022.

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

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 and escalation clauses and require that the tenants pay for their prorated share of the building operating expenses. 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, 2023:

2024	$ 772,969
2025	475,229
2026	497,139
2027	553,157
2028	612,131
2029 & Thereafter	962,080
Total minimum future rentals	$ 3,872,705

Total rental income for the years ended December 31, 2023 and 2022 was $958,377 and $1,147,845, 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.

	2023	2022
Right of Use assets	$ 1,501,557	$ 1,037,555
Accumulated amortization	(415,640)	(123,348)
Net book value	$ 1,085,917	$ 914,207

The future minimum payments related to these finance leases as of December 31, 2023 are as follows:

2024	$ 262,407
2025	262,407
2026	517,892
2027	148,673
Total minimum lease payments	$ 1,191,379
Less amount representing interest	(93,527)
Present value of minimum lease payments	$ 1,097,852

The present values of the minimum lease payments have been discounted using rates ranging from 0.78% to 4.36%. The finance lease liability is included in finance lease liabilities on the statement of financial position.

Total accumulated depreciation related to the leased equipment for years ended December 31, 2023 and 2022 was $415,640 and $123,348, respectively.

Amortization expense for the years ended December 31, 2023 and 2022 was $289,652 and $123,348, 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.), and (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). 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. When making determinations about recording liabilities or disclosures related to legal proceedings, the NRA complies with the requirements of ASC 450, Contingencies, and related guidance. Therefore, the NRA discloses significant legal proceedings even where liability is not probable or the amount of the liability is not estimable, or both.

The four 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)

The National Rifle Association of America is a defendant in a lawsuit pending in the Supreme Court of New York brought by the Attorney General of the State of New York on August 6, 2020, against it and certain of its former and current executives.

Below is a summary of, *inter alia* (i) pretrial procedural history; (ii) the outcome of the first phase of the trial; (iii) current procedural posture; and (iv) relief sought by the NYAG.

Pretrial Procedural History

The NYAG filed her complaint on August 6, 2020. The 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 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.

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 seeks, among other things, the appointment of an independent compliance monitor. The relief the NYAG seeks against the NRA is equitable. The NYAG does 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.
The outcome of the jury phase of the trial is described below. The judge phase of the trial is scheduled for July 15, 2024. During the judge phase of the trial, the court will determine factual issues relating to, inter alia, the NYAG's entitlement to any relief.

In January 2024, before the jury phase of the trial, the NYAG settled its claims against Mr. Powell. The terms of the settlement agreement are described below.

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.

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 $5,400,000.00. The jury also found that of this amount ($5,400,000.00), Wayne LaPierre has repaid to the NRA $1,048,769.98. 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 $2,000,000.00. 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.

Current Procedural Posture of the NYAG's Action

On March 6, 2024, the Court held a scheduling conference concerning post-trial motions, any necessary discovery, and the second two-week phase of the trial (scheduled to commence on July 15, 2024).

In June 2024, the Court denied defendant's motions for judgment notwithstanding the verdict.

The judge phase of the trial will concern primarily factual predicates for any award of relief sought by the NYAG as against the NRA, including, *inter alia*, whether violations found by the jury are imminently likely to continue and, if so, whether any relief is necessary.

As it relates to the judge phase of the trial, the Court ordered the parties to file pretrial briefs by July 1, 2024, and scheduled a pretrial conference for July 8, 2024.

Relief Sought by the NYAG

After the Court holds the second phase of the trial, it will rule on the NYAG's requests for relief against the NRA and its co-defendants. As to the NRA, the NYAG's requests for relief include but are not limited to (i) a request to appoint an independent compliance monitor and an independent governance expert, which the NYAG claims is needed to secure proper administration of assets held by the NRA for charitable purposes; (ii) removal of individuals allegedly responsible for the NRA's violations of its whistleblower policy; and (iii) an injunction against solicitation. The NYAG does not seek any monetary relief against the NRA and concedes that amounts determined by the jury with regard to Wayne LaPierre and Wilson Phillips for breaches of their statutory duties to the NRA are payable to the Association.

As stated in the NRA's answers, there is no basis for the relief that the NYAG seeks. Although the NRA is confident in its position, it cannot provide any assurances about the outcome of this action. At this stage, it is not possible to evaluate the likelihood of any particular outcome.

With regard to the individual defendants, the NYAG seeks, inter alia, an order (i) enjoining Messrs. LaPierre, Phillips, and Frazer from serving for a period of time as officers, directors, or trustees of not-for-profit organizations incorporated or authorized to conduct business in New York; (ii) directing Messrs. LaPierre and Phillips to pay to the NRA (with interest, to the extent appropriate) the monetary amounts determined by the jury; and (iii) enjoining Mr. Frazer from soliciting or collecting funds on behalf of any charitable organization operating in New York.

The NYAG's Settlement with Joshua Powell

As noted above, 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 by, inter alia, using the NRA's charitable assets for his own benefit and the benefit of his family members in violation of N-PCL 717 and N-PCL 720. Powell also admits that he failed to administer properly property held by the NRA for charitable purposes in violation of EPTL 8-1.4(m). He also admits that his conduct violated, among other things, NPCL 715, which addresses related party transactions. Mr. Powell also admits that, as a result of his violations of NPCL 715, N-PCL 717, and EPTL 8-1.4, he must pay restitution in the amount of $100,000.00 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 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. There were no fines or penalties against the NRA or the Foundation, and no relief of any kind was awarded against the NRA. Nothing in the settlement prevents the NRA from continuing to administer the Foundation's programs.

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.

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.

The DCAG sought imposition of a constructive trust over any funds in the NRA's possession that were improperly paid to the NRA by the Foundation. In addition, the DCAG sought to: (i) modify the Foundation's governance policies to ensure independence from the NRA; (ii) appoint a court-supervised independent receiver to oversee the modification of the Foundation's governance policies and monitor all Foundation financial decisions and transactions; and (iii) require the Foundation's Board of Trustees and officers to undergo charitable nonprofit corporate governance training.
Defendants contested liability and filed Answers which denied these allegations.
Fact discovery was initially completed in May 2022, but was re-opened for the limited purpose of gathering information related to the Foundation's grantmaking policies and procedures pertaining to the NRA. Additional fact and expert discovery concluded on April 30, 2023.

On November 1, 2023, the Court denied the parties' motions for summary judgment.

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.

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

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."

The lawsuit was stayed after the NRA's bankruptcy filing in January of 2021 but was reopened in August 2022. In June 2023, the plaintiffs filed a Motion For Leave To File a Third Amended Complaint adding Ackerman McQueen, an advertising agency, as a defendant and requesting to reinstate Wayne LaPierre and the NRA Foundation as defendants based on allegedly newly discovered facts. The proposed Third Amended Complaint repleaded the plaintiffs' fraud and RICO counts and would have added new breach of contract claims against the NRA. On August 24, 2023, the Magistrate Judge in the case denied the motion to amend and ruled that (i) Plaintiffs' motion was brought with undue delay; and (ii) allowing the amendment would prejudice the NRA. After Plaintiffs filed a motion for review of the Magistrate Judge's order, on December 1, 2023, the District Judge affirmed the Magistrate Judge's order to the extent it disallowed the addition of defendants, but allowed Plaintiffs to renew their motion to amend, requiring them to specify when they discovered any purported new facts alleged in the proposed amendment as to the NRA. The renewed motion to amend is fully briefed, and the parties await the District Judge's ruling. The Plaintiffs represented to the Court that if the amendment is not allowed, they will not pursue class certification.

On June 25, 2024, the Magistrate Judge filed an order granted the Plaintiff's motion for leave to file a Third Amended Complaint, and the Plaintiff filed a [Proposed] Third Amended Complaint against the NRA bringing a class action lawsuit alleging fraud, breach of contract, tortious interference, violation of the Racketeer Infiuenced and Corrupt Organizations Act (("RICO") and RICO Conspiracy.

The NRA believes the suit lacks merit and will continue to vigorously defend against it. At this stage, it is not possible to evaluate the likelihood of any particular outcome or estimate the amount or range of any potential recovery or loss with any reasonable degree of certainty.

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").

Relevant Procedural History

The NRA amended its complaint on October 18, 2022, to add Makris as a defendant. In addition to asserting the breach of contract claim against Makris, the NRA also asserted against him claims for breach of fiduciary duty and for fraud relating to approximately 54 "supplemental invoices" (totaling approximately $5.3 million) that Makris submitted to the NRA, on UWS letterhead, between November 3, 2010, and December 7, 2018.

On March 15, 2023, Makris moved to dismiss the NRA's First Amended Complaint ("FAC") and AMc filed a motion for summary judgment. In May 2023, while his motion to dismiss the complaint was pending, Makris also filed a motion for summary judgment on all claims asserted against him. On January 16, 2024, the Court denied Makris' motions for dismissal and summary judgment. On February 16, 2024, the Court denied AMc's motion for summary judgment.

On January 30, 2024, Makris filed an Answer, Affirmative Defenses and a counterclaim. The counterclaim seeks attorneys' fees and costs "if it is determined that Makris is a party to the CSA or is otherwise bound by it and prevails in this lawsuit." In connection with his counterclaim, Makris relies on the prevailing party provision in the CSA that "entitle[s] the released party in any litigation commenced against it by a releasing party to an award of any and all costs of litigation." To prevail on his counterclaim, Makris has to show that he is covered by the CSA and the release but that he nevertheless did not breach the CSA or defraud the NRA by his submission of the "supplemental invoices."

On February 20, 2024, the NRA moved to strike certain improper infiammatory assertions in Makris' Answer and Affirmative Defenses and answered Makris' counterclaim. . On March 12, Makris filed a response in which he agreed to amend his answer, and on March 15, 2024, Makris filed a motion for leave to file an amended answer. On March 18, the court granted the motion to amend, and therefore denied the NRA's motion to strike as moot.

On April 25, 2024, Makris filed a second amended answer that includes a counterclaim for attorneys' fees
The NRA is vigorously pursuing its claims and defending against the counterclaim. At this stage, it is impossible to predict the likelihood or amount of a negative outcome. Were Makris to prevail on his counterclaim, the NRA estimates that those fees and costs would likely be less than $500,000.

On June 18, 2024 the Court filed an Order concluding that NRA has not sufficiently alleged a basis for diversity or federal law jurisdiction, after a sua sponte review of the pleadings. The Court ordered the NRA to amend its complaint to property allege a basis for the Court's jurisdiction no later than July 2, 2024. If not, the NRA's claims will be dismissed without prejudice for lack of jurisdiction. The NRA then filed an amended complaint asserting facts in support of the court having jurisdiction.

Discovery

On March 20, 2023, the NRA served one set of requests for production and on May 15, 2023, served a second set of requests for production. Based on the deficient responses of Makris and AMc, and their refusal to produce any documents, on June 8, 2023 the NRA filed motions to compel Makris to answer the interrogatories and produce documents. On June 27, 2023, the NRA filed motions to compel AMc to answer the interrogatories and produce documents. The NRA also served party and non-party deposition notices and subpoenas, but the party deponents refused to appear for their depositions and the non-parties moved to quash their subpoenas in their home jurisdictions, several of which motions were transferred to the NDTX for adjudication. Neither Judge Fish, nor the magistrate judge assigned to the discovery motions, have issued any rulings on the pending discovery motions, despite that they have been fully briefed since August 1, 2023.

On June 14, 2023, Makris served the NRA one set of requests for production and one set of interrogatories, to which the NRA responded on July 14, 2023. Makris has not filed any motion to compel in connection with the NRA's responses and objections.

AMc has not served any discovery requests.

Trial Calendar

Trial was scheduled to take place in January and/or February 2024. On December 4, 2023, the Court issued an order staying pretrial deadlines "pending rulings on motions currently pending before the court in this action." Pending motions include the NRA's motions to compel Makris and AMc to produce discovery (discussed above) and the non-parties' motions to quash deposition subpoenas.

Analysis

At this stage of the litigation, it is difficult to evaluate the likelihood of any particular outcome. The NRA believes—for the reasons stated above—that Makris' counterclaim is without merit. Were Makris to prevail on his counterclaim, the NRA estimates that those fees and costs would likely be less than $500,000.00. The NRA intends to vigorously defend against Makris' counterclaim.

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 $10,925,006 and $9,694,495 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, $35,810,217 and $29,877,390 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 (loss) on the NRA's beneficial interest in the net assets of the Foundation totaled $4,106,232 and ($5,929,313) for the years ended December 31, 2023 and 2022, respectively. In addition, certain qualified NRA programs were funded by Foundation grants totaling $7,034,205 and $6,367,910 for the years ended December 31, 2023 and 2022, respectively.

The CRDF reimburses the NRA for general operating expenses paid by the NRA on the CRDF's behalf. These expenses totaled $16,897 and $16,723 for years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, $1,198 and $4,089, 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 $595,496 and $176,628 for the years ended December 31, 2023 and 2022, respectively. The CRDF owes NRA $190,000 and $176,628 for promised grant funding for the years ended December 31, 2023 and 2022, 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 $2,216,348 and $1,851,421 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, $368,335 and $175,301, 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 $1,000,000 and $465,000 for the years ended December 31, 2023 and 2022, respectively. The FAF owes NRA $0 and $465,000 for promised grant funding as of December 31, 2023 and 2022, respectively.

The NRA paid administrative and fundraising expenses of $2,587,435 and $2,743,324 for the years ended December 31, 2023 and 2022, respectively, on behalf of the PVF. The PVF reimburses the NRA for salary expenses that totaled $39,337 and $177,173 for the years ended December 31, 2023 and 2022, respectively.

The NRA paid administrative and fundraising expenses of $2,000 and $97,386 for the years ended December 31, 2023 and 2022, 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.