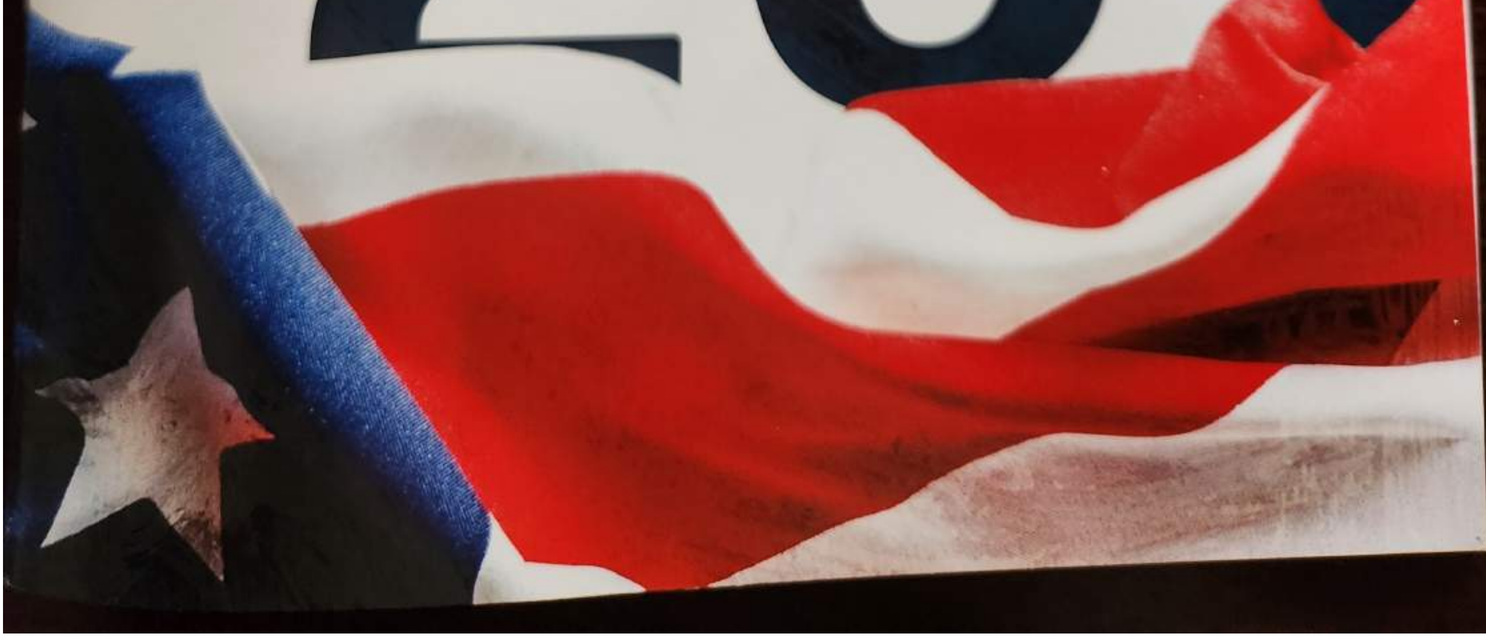
NATIONAL RIFLE
ASSOCIATION
of AMERICA

2023

ANNUAL REPORT



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NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES

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Independent Auditor's Report

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

Opinion

We have audited the accompanying consolidated financial statements of **The National Rifle Association of America and Affiliates** (a nonprofit organization), which comprise the Consolidated Statements of Financial Position as of December 31, 2023 and 2022, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **The National Rifle Association of America and Affiliates** as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the consolidated 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.

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 Affiliates** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 and Affiliates'** ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 and Affiliates'** 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **The National Rifle Association of America and Affiliates'** 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
April 12, 2024

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as of December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 51,219,879	$ 54,985,513
Restricted cash	125,001	1,451,812
Investments	191,284,656	173,718,536
Pledges receivable, net	524,573	587,432
Members' dues receivable, net	4,643,563	7,621,571
Accounts receivable, net	11,042,749	8,946,064
Inventories and supplies, net	12,871,724	15,186,826
Prepaid expenses	4,475,725	4,043,125
Property and equipment, net	56,677,485	57,980,713
Finance lease right-of-use-asset, net	1,106,017	994,606
Other assets	40,075,345	39,269,860
Total assets	**$ 374,046,717**	**$ 364,786,058**
Liabilities and net assets		
Accounts payable	$ 16,108,598	$ 16,800,249
Accrued liabilities	35,413,618	32,464,848
Finance lease liability	1,118,012	994,409
Notes payable and lines of credit	49,627,891	43,749,101
Annuities payable	1,869,361	2,092,092
Deferred revenue	47,113,228	40,265,010
Total liabilities	**151,250,708**	**136,365,709**
Net assets		
Without donor restrictions		
Net assets without donor restrictions	42,645,060	63,139,491
Cumulative pension liability	(14,738,830)	(17,182,568)
Total net assets without donor restrictions	**27,906,230**	**45,956,923**
With donor restrictions	194,889,779	182,463,426
Total net assets	**222,796,009**	**228,420,349**
Total liabilities and net assets	**$ 374,046,717**	**$ 364,786,058**

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

FINANCIAL STATEMENTS

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES

for the year ended December 31, 2023

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenue and other support:			
Members' dues	$ 61,825,078	$ —	$ 61,825,078
Contributions	74,437,963	19,323,169	93,761,132
Contributions of nonfinancial assets	72,473	381,135	453,608
Program fees	43,095,337	—	43,095,337
Investment gains, net	3,061,492	3,276,519	6,338,011
Royalties and other	11,655,861	37,673	11,693,534
Assets released from restrictions	25,730,223	(25,730,223)	—
Total revenue and other support	**219,878,427**	**(2,711,727)**	**217,166,700**
Expenses:			
Legislative programs	18,730,878	—	18,730,878
Public affairs	1,539,614	—	1,539,614
Publications	31,763,182	—	31,763,182
Safety, education & training	18,381,628	—	18,381,628
Grant programs	15,124,542	—	15,124,542
Shows and exhibits	5,286,659	—	5,286,659
Member services and acquisition	45,976,586	—	45,976,586
Administrative	72,606,998	—	72,606,998
Fundraising	34,652,544	—	34,652,544
Total expenses	**244,062,631**	—	**244,062,631**
Change in net assets before other changes	(24,184,204)	(2,711,727)	(26,895,931)
Unrealized gain on investments, net	5,793,818	15,138,080	20,931,898
Legal settlement costs	(435,000)	—	(435,000)
Reimbursement of legal/settlement costs	3,294,216	—	3,294,216
Net periodic pension cost other than service costs	(4,963,261)	—	(4,963,261)
Other net pension plan gain	2,443,738	—	2,443,738
Change in net assets	(18,050,693)	12,426,353	(5,624,340)
Net assets, beginning of year	45,956,923	182,463,426	228,420,349
Net assets, end of year	**$ 27,906,230**	**$ 194,889,779**	**$ 222,796,009**

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

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES

for the year ended December 31, 2022

	2022		
Revenue and other support:	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Members' dues	$ 83,274,950	$ —	$ 83,274,950
Contributions	90,154,309	19,434,819	109,589,128
Contributions of nonfinancial assets	2,000	22,788,566	22,790,566
Program fees	43,496,211	—	43,496,211
Investment gains, net	3,381,777	497,331	3,879,108
Royalties and other	14,628,725	83,803	14,712,528
Assets released from restrictions	19,445,194	(19,445,194)	—
Total revenue and other support	**254,383,166**	**23,359,325**	**277,742,491**
Expenses:			
Legislative programs	38,935,358	—	38,935,358
Public affairs	1,338,083	—	1,338,083
Publications	31,635,706	—	31,635,706
Safety, education & training	17,698,087	—	17,698,087
Grant programs	11,964,777	—	11,964,777
Shows and exhibits	5,065,552	—	5,065,552
Member services and acquisition	58,641,147	—	58,641,147
Administrative	75,996,108	—	75,996,108
Fundraising	37,144,446	—	37,144,446
Total expenses	**278,419,264**	**—**	**278,419,264**
Change in net assets before other changes	(24,036,098)	23,359,325	(676,773)
Unrealized loss on investments, net	(15,363,838)	(17,549,293)	(32,913,131)
Legal settlement costs	(12,370,166)	—	(12,370,166)
Reimbursement of legal/settlement costs	2,492,759	—	2,492,759
Net periodic pension income other than service costs	2,675,203	—	2,675,203
Other net pension plan gain	8,539,379	—	8,539,379
Change in net assets	(38,062,761)	5,810,032	(32,252,729)
Net assets, beginning of year	84,019,684	176,653,394	260,673,078
Net assets, end of year	**$ 45,956,923**	**$ 182,463,426**	**$ 228,420,349**

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

FINANCIAL STATEMENTS

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

for the year ended December 31, 2023

2023

	Legislative Programs	Public Affairs	Publications	Safety, Edu. & Training	Grant Programs
Salaries, benefits and taxes	$ 7,544,713	$ 724,794	$ 7,573,652	$ 5,852,896	$ 2,080,299
Office supplies	946,275	—	107,449	594,302	584,122
Travel & entertainment	747,220	—	403,346	599,822	350,735
Fulfillment material	—	—	—	448,830	—
Occupancy	1,026,917	—	570,758	2,807,861	34,200
Data processing	277,194	—	255,792	689,236	—
Printing and publications	—	—	22,040,342	—	—
Member communications	376,674	—	—	—	—
Advertising	483,669	—	—	—	—
Committee & annual meetings	34,327	—	—	—	—
Legal, audit and taxes	4,442,273	—	—	233,616	—
Professional services and other	2,220,473	809,205	364,015	3,103,966	12,067,645
Depreciation & amortization	277,841	5,615	251,463	1,603,193	7,541
Cost of merchandise sold	—	—	—	1,450,920	—
Interest expense	353,302	—	196,365	996,986	—
Friends of NRA direct benefits expense	—	—	—	—	—
	$ 18,730,878	**$ 1,539,614**	**$ 31,763,182**	**$ 18,381,628**	$ 15,124,542
Net periodic pension cost other than service costs	1,055,876	101,434	1,059,925	592,740	—
	$ 19,786,754	**$ 1,641,048**	**$ 32,823,107**	**$ 18,974,368**	$ 15,124,542

	Shows & Exhibits	Member Svc. & Acq.	Admin.	Fundraising	Total
Salaries, benefits and taxes	$ 598,300	$ 2,530,097	$ 10,810,860	$ 8,430,881	$ 46,146,492
Office supplies	142,293	184,777	252,281	1,095,821	3,907,320
Travel & entertainment	196,270	84,540	(104,595)	1,182,358	3,459,696
Fulfillment material	—	3,471,515	—	1,913,964	5,834,309
Occupancy	93,762	648,149	1,801,326	2,268,558	9,251,531
Data processing	63,516	577,862	863,686	341,748	3,069,034
Printing and publications	—	—	15,765	254,976	22,311,083
Member communications	—	36,150,013	—	8,854,600	45,381,287
Advertising	—	—	—	6,841,884	7,325,553
Committee & annual meetings	—	—	2,399,388	—	2,433,715
Legal, audit and taxes	—	—	48,282,363	1,139,918	54,098,170
Professional services and other	4,116,671	1,925,197	6,570,887	6,079,374	37,257,433
Depreciation & amortization	43,589	181,446	1,069,465	346,239	3,786,392
Cost of merchandise sold	—	—	—	22,388,024	23,838,944
Interest expense	32,258	222,990	645,572	211,724	2,659,197
Friends of NRA direct benefits expense	—	—	—	(26,697,525)	(26,697,525)
	$ 5,286,659	**$ 45,976,586**	**$ 72,606,998**	**$ 34,652,544**	**$ 244,062,631**
Net periodic pension cost other than service costs	83,732	354,085	1,351,850	363,619	4,963,261
	$ 5,370,391	**$ 46,330,671**	**$ 73,958,848**	**$ 35,016,163**	**$ 249,025,892**

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

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

for the year ended December 31, 2022

2022

	Legislative Programs	Public Affairs	Publications	Safety, Edu. & Training	Grant Programs
Salaries, benefits and taxes	$ 8,494,374	$ 807,330	$ 7,954,973	$ 5,630,273	$ 1,776,948
Office supplies	919,239	—	129,980	446,798	572,135
Travel & entertainment	690,151	—	360,963	535,082	340,164
Fulfillment material	—	—	—	310,727	—
Occupancy	1,091,950	—	606,903	2,989,755	34,200
Data processing	296,709	—	204,733	730,848	—
Printing and publications	—	—	21,696,686	—	—
Member communications	2,143,587	—	—	—	—
Advertising	1,103,433	—	—	—	—
Committee & annual meetings	14,430	—	—	—	—
Legal, audit and taxes	1,712,828	—	—	240,335	—
Professional services and other	21,988,252	525,686	348,363	3,351,044	9,233,917
Depreciation & amortization	287,124	5,067	225,680	1,476,110	7,413
Cost of merchandise sold	—	—	—	1,446,044	—
Interest expense	193,281	—	107,425	541,071	—
Warehouse depreciation	—	—	—	—	—
Friends of NRA direct benefits expense	—	—	—	—	—
	$ 38,935,358	**$ 1,338,083**	**$ 31,635,706**	**$ 17,698,087**	**$ 11,964,777**
Net periodic pension income other than service costs	(573,487)	(56,263)	(554,381)	(298,475)	—
	$ 38,361,871	**$ 1,281,820**	**$ 31,081,325**	**$ 17,399,612**	**$ 11,964,777**

	Shows & Exhibits	Member Svc. & Acq.	Admin.	Fundraising	Total
Salaries, benefits and taxes	$ 650,926	$ 2,751,891	$ 11,956,810	$ 7,767,682	$ 47,791,207
Office supplies	90,781	372,058	270,097	926,911	3,727,999
Travel & entertainment	(59,346)	58,693	170,393	1,329,668	3,425,768
Fulfillment material	—	5,013,165	—	2,450,408	7,774,300
Occupancy	99,700	689,195	1,908,984	2,219,545	9,640,232
Data processing	66,427	408,444	1,150,728	274,234	3,132,123
Printing and publications	—	—	11,380	185,227	21,893,293
Member communications	—	46,788,496	—	12,230,677	61,162,760
Advertising	—	—	—	8,383,068	9,486,501
Committee & annual meetings	—	—	2,037,700	—	2,052,130
Legal, audit and taxes	—	—	51,316,670	1,088,582	54,358,415
Professional services and other	4,140,012	2,254,163	6,265,155	3,735,315	51,841,907
Depreciation & amortization	46,789	183,051	728,853	234,852	3,194,939
Cost of merchandise sold	12,616	—	—	20,953,691	22,412,351
Interest expense	17,647	121,991	324,724	115,832	1,421,971
Warehouse depreciation	—	—	(145,386)	—	(145,386)
Friends of NRA direct benefits expense	—	—	—	(24,751,246)	(24,751,246)
	$ 5,065,552	**$ 58,641,147**	**$ 75,996,108**	**$ 37,144,446**	**$ 278,419,264**
Net periodic pension income other than service costs	(45,363)	(191,779)	(759,922)	(195,533)	(2,675,203)
	$ 5,020,189	**$ 58,449,368**	**$ 75,236,186**	**$ 36,948,913**	**$ 275,744,061**

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

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

for years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (5,624,340)	$ (32,252,729)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	3,436,441	3,011,292
Amortization of finance lease right-of-use asset	349,951	183,647
Provision for losses on pledges receivable	(83,750)	348,000
Provision for losses on accounts receivable	64,061	58,036
Provision for losses on inventory	(23,361)	285,120
Provision for losses on property and equipment	-	12,479
Provision for losses on other assets	(10,900)	29,000
Net gain on pension obligation	(2,443,738)	(8,539,379)
Donated assets, building	-	(22,600,000)
Donated assets, museum collections	(442,708)	(219,566)
Donated assets, unrestricted securities	(289,793)	(81,722)
Contributions restricted for long-term investment	(1,950,780)	(4,341,023)
Net unrealized and realized (gain) loss on investments	(22,497,484)	33,602,881
Decrease in discounts on pledges receivable	(7,766)	(8,684)
Decrease in value of split interest agreements	154,518	925,955
Changes in assets and liabilities:		
Decrease in pledges receivable, net	154,375	978,042
Decrease in member dues receivable, net	2,978,008	2,902,754
(Increase) decrease in accounts receivable, net	(2,160,746)	4,187,318
Decrease in inventories and supplies, net	2,338,463	786,579
(Increase) decrease in prepaid expenses	(432,600)	2,682,104
(Increase) decrease in other assets	(351,877)	662,702
Decrease in accounts payable	(691,651)	(3,965,935)
Increase (decrease) in accrued liabilities	5,392,508	(5,396,613)
Increase (decrease) in deferred revenue	6,848,218	(4,680,711)
Total adjustments	**(9,670,611)**	**822,276**
Net cash used in operating activities	**(15,294,951)**	**(31,430,453)**

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

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

for years ended December 31, 2023 and 2022

	2023	2022
Cash flows from investing activities:		
Sales of investments	24,977,479	73,518,819
Purchases of investments	(22,806,236)	(93,159,604)
Purchases of property and equipment	(2,133,213)	(1,858,011)
Net cash provided by (used in) investing activities	**38,030**	**(21,498,796)**
Cash flows from financing activities:		
Principal payments on notes payable	(506,405)	(483,861)
Principal payments on lines of credit	(95,426,526)	(103,884,696)
Payments on annuity obligations	(272,420)	(268,344)
Draw downs on lines of credit	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	(337,759)	(183,843)
Contributions restricted for long-term investment	1,950,780	4,341,023
Investments subject to annuity agreements	52,401	12,365
Net cash provided by financing activities	10,164,476	23,057,530
Net decrease in cash and cash equivalents and restricted cash	**(5,092,445)**	**(29,871,719)**
Cash and cash equivalents and restricted cash at beginning of year	**56,437,325**	**86,309,044**
Cash and cash equivalents and restricted cash at end of year	**$ 51,344,880**	**$ 56,437,325**
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 2,621,351	$ 1,404,165
Cash paid for taxes	$ 1,117,541	$ 1,075,106
Recognition of finance lease right-of-use asset	$ 464,002	$ 1,178,253
Recognition of finance lease liability	$ 464,002	$ 1,178,253

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

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Significant Accounting Policies

The National Rifle Association of America and Affiliates (NRA) includes the following affiliated organizations:

- National Rifle Association of America (Association)
- NRA Special Contribution Fund (SCF)
- NRA Civil Rights Defense Fund (CRDF)
- The NRA Foundation, Inc. (Foundation)
- NRA Political Victory Fund (PVF)
- NRA Freedom Action Foundation (FAF)
- NRA Victory Fund (VF)

The National Rifle Association of America, 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.

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's consolidated financial statements include the accounts of the affiliated organizations listed above. All significant inter-organization accounts and transactions have been eliminated in the preparation of these consolidated financial statements.

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

Certain amounts from the prior year have been reclassified to conform with the current year presentation. These reclassifications had no effect on the previously reported net assets or change in net assets.

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.

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. Certain net assets have been designated by the Board of Trustees of SCF for specific purposes. For SCF, at December 31, 2023 and 2022, net assets of $2,543,790 and $3,415,998 has been designated for specific purposes, respectively.

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 securities. 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	$ 51,219,879	$ 54,985,513
Restricted cash	125,001	1,451,812
Total cash and cash equivalents and restricted cash	**$ 51,344,880**	**$ 56,437,325**

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 $19,688,700 and $52,349,000, respectively. The NRA has not experienced any losses through the date when the financial statements were available to be issued.

The NRA maintains cash balances in excess of federally insured limits in interest bearing accounts. 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, certificates of deposit, 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 consolidated financial statements.

Investments

Investments consist primarily of money market funds, certificates of deposit, equity securities, fixed income securities, alternative investments, and other 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. Certificates of deposit are carried at cost. 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 total revenue and other support in the statements of activities. Interest income and dividends are recorded on the accrual basis.

Alternative and other 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, Net

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, Net

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, Net

Advertising and other accounts receivable are recorded at the invoiced amount and do not bear interest. The NRA assesses the adequacy of an allowance for credit losses at inception of a receivable, and periodically, based on expected loss over the life of a receivable by analyzing reasonable available information including contract type, historical write-off experience, aging and delinquency trends, specific identification, and other factors, including current market factors and forecasted economic conditions. The allowance for credit losses 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

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

	2023	2022
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 consolidated 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 consolidated 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 consolidated statement of financial position. Revenue is recognized over the time period of the affiliation.

The NRA receives sponsorships for various events throughout the year which generally include various obligations of the NRA to include recognition of the sponsor at the event and on any fliers, event programs, or banners and a table, if applicable. Sponsorships are collected in advance of the event and recorded as deferred revenue on the consolidated 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.

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 consolidated statement of financial position and recognized as revenue at the point in time when the receivable is created.

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.

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 include recognition of the sponsor at the event and on any fliers, event programs, or banners and a table, if applicable which are considered one performance obligation. The NRA has the primary duty and responsibility to fulfill the obligation of the event and therefore considered principal to the transaction. The fees are collected in advance of these events and recorded as deferred revenue on the consolidated statement of financial position. Revenue is recognized at the point in time when the events take place.

Royalties and 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.

2. Availability And Liquidity

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

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	$ 51,219,879	$ 54,985,513
Members' dues receivable available within one year, net	2,758,403	4,610,912
Accounts receivable available within one year, net	9,100,084	8,093,677
Pledges receivable, net	219,589	557,904
Contributions receivable	1,610,165	507,637
Investments	186,012,756	168,668,535
Total Financial Assets	**250,920,876**	**237,424,178**
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(114,492,202)	(102,642,518)
Investments held as collateral (a)	(23,540,187)	(26,154,992)
	(138,032,389)	(128,797,510)
Financial assets available to meet general expenditures over the next twelve months	**$ 112,888,487**	**$ 108,626,668**

(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 9).

3. Investments

Investments as of December 31, 2023 and 2022 consist of:

	2023	2022
Money market funds	$ 3,582,473	$ 4,397,781
Certificates of deposit	1,377,016	1,755,318
Equity securities	132,267,329	116,888,256
Fixed income securities	48,120,355	41,956,865
Alternative investments	3,911,300	3,644,219
Other	2,026,183	5,076,097
	$ 191,284,656	**$ 173,718,536**

4. Pledges Receivable

At December 31, 2023 and 2022, donors to the NRA have unconditionally promised to give amounts as follows:

	2023	2022
Within one year	$ 1,279,842	$ 1,178,017
One to five years	104,325	152,450
More than five years	139,000	193,325
	1,523,167	1,523,792
Less: discount	(20,594)	(28,360)
	1,502,573	1,495,432
Less: allowance for uncollectible pledges	(978,000)	(908,000)
	$ 524,573	**$ 587,432**

Pledges due in more than one year have been recorded at the present value of estimated cash flows, discounted by rates ranging 1.48% to 2.80% for the years ended December 31, 2023 and 2022, respectively.

5. 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.

6. Accounts Receivable

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

	2023	2022
Contributions	$ 4,624,809	$ 1,918,546
Advertising	2,553,961	2,540,875
Other	4,149,911	4,704,384
	11,328,681	9,163,805
Less: allowance for doubtful accounts	(285,932)	(217,741)
	$ 11,042,749	**$ 8,946,064**

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	$ 217,741	$ 1,450,156
Provision for losses on accounts receivable	64,061	58,036
Write-offs, net of recoveries	4,130	(1,290,451)
Allowance at end of year	**$ 285,932**	**$ 217,741**

7. Inventories and Supplies

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

	2023	2022
Sales inventories	$ 7,873,211	$ 6,418,250
Supplies:		
Magazine paper	1,397,961	2,610,000
Fulfillment and promotional materials	4,571,377	7,223,838
Other	28,970	80,079
	13,871,519	16,332,167
Less: obsolescence allowance	(999,795)	(1,145,341)
	$ 12,871,724	**$ 15,186,826**

8. Property and Equipment

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

	2023	2022
Land	$ 10,784,023	$ 10,784,023
Buildings and improvements	91,342,642	90,737,882
Furniture, fixtures and equipment	21,247,038	20,843,750
Construction-in-progress	1,565,774	960,729
	124,939,477	123,326,384
Less: accumulated depreciation	(68,261,992)	(65,345,671)
	$ 56,677,485	**$ 57,980,713**

Construction-in-progress at December 31, 2023 and 2022 consisted of construction improvements at the NRA Whittington Center.

Depreciation expense for the years ended December 31, 2023 and 2022 was $3,436,441 and $3,011,292, respectively.

9. 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.

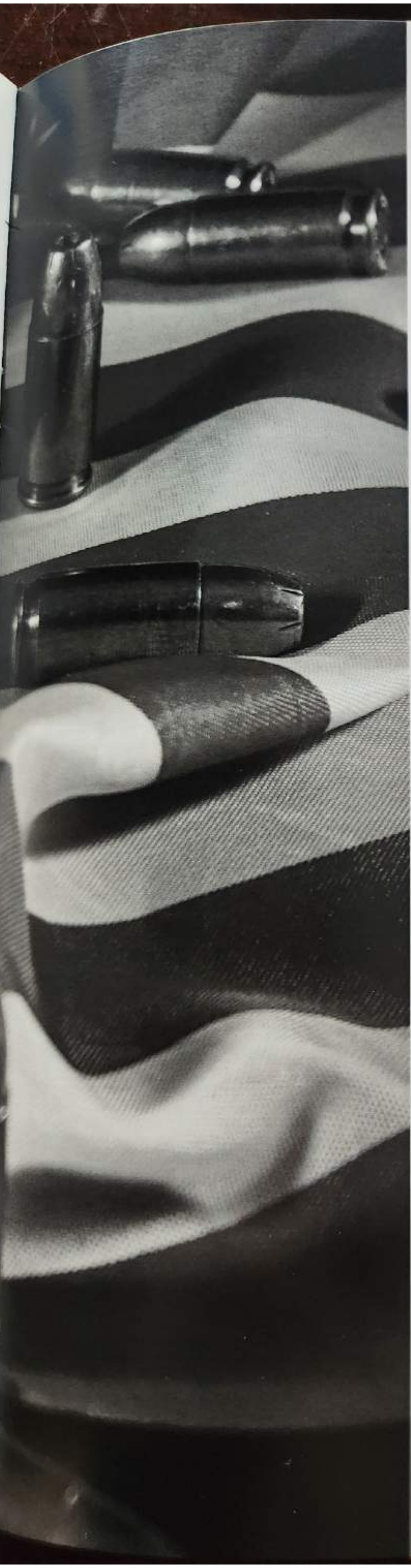
On June 5, 2020, the NRA entered into a $20,000,000 building line of credit agreement, which was reduced to $10,000,000 on June 4, 2021 and expired on September 27, 2022. On September 27, 2022, the NRA amended this agreement which now expires on September 27, 2024. Under the terms of this amended agreement, 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.

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 aggregate maturities of such required principal payments under the above agreements 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
	$ 49,627,891



Interest expense for the years ended December 31, 2023 and 2022, was $2,659,197 and $1,421,971, respectively.

10. Fair Value Measurements

The NRA follows the FASB 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 cash and cash equivalents, 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 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	Level 3
Equity securities:				
Communication services	$ 4,534,849	$ 4,534,849	$ —	$ —
Consumer discretionary	8,547,101	8,547,101	—	—
Consumer staples	6,068,727	6,068,727	—	—
Energy	4,485,565	4,485,565	—	—
Financial services	12,734,461	12,734,461	—	—
Healthcare	10,183,206	10,183,206	—	—
Industrials	10,397,078	10,397,078	—	—
Information technology	19,400,607	19,400,607	—	—
Materials	4,565,148	4,565,148	—	—
Multi-strategy mutual funds	38,294,413	38,294,413	—	—
Real estate	1,805,601	1,805,601	—	—
Stock funds - commodities	9,049,457	9,049,457	—	—
Utilities	2,201,115	2,201,115	—	—
Total equity securities:	**132,267,328**	**132,267,328**	—	—
Fixed income securities:				
Multi-strategy bond funds	25,218,168	25,218,168	—	—
Mutual funds	22,902,188	22,902,188	—	—
Total fixed income securities	**48,120,356**	**48,120,356**	—	—
Split interest agreements	1,961,954	—	—	1,961,954
Money market	**3,582,473**	**3,582,473**	—	—
Investments at fair value	**185,932,111**	**$ 183,970,157**	**$ —**	**$ 1,961,954**
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			
Certificate of deposits	1,377,016			
Total investments	**$ 191,284,656**			
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**	**$ —**	**$ —**
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)**	**$ —**

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

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

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.

For assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3), *Fair Value Measurement* requires reconciliation of the beginning and ending balances, separately for each major category of assets and liabilities, except for derivative assets and liabilities, which may be presented net.

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

	2023	2022
Purchases	$ —	$ —
Issues	—	—
Transfers In (Out)	(434,107)	(12,011)
Settlements	—	—
Change in value of split interest agreements	276,877	(907,333)

11. Net Assets with Donor Restrictions and Endowment Funds

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

	2023	2022
NRA Foundation	$ 151,652,265	$ 143,427,717
Legislative programs	23,913,258	22,287,300
NRA Civil Rights Defense Fund	6,782,616	6,159,911
NRA Special Contribution Fund	3,594,242	2,746,176
Firearms & marksmanship training	2,513,071	2,513,071
NRA Freedom Action Foundation	807,003	682,113
Hunting & wildlife conservation	364,639	364,639
Other safety and training programs	304,686	370,917
Other, passage of time	4,957,999	3,911,582
Total	**$ 194,889,779**	**$ 182,463,426**

The NRA follows the FASB 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 or Board designation absent explicit donor stipulations or Board action to the contrary. As a result of this interpretation, the NRA classifies as permanently restricted net assets (a) the original value of cash gifts donated to permanent endowment (b) the discounted value of future gifts promised to permanent endowment, net of allowance for uncollectible pledges, and (c) the fair value of non-cash gifts received whereby the proceeds of any future sale are donor restricted to permanent endowment. Board designated endowment funds are classified in net assets without donor-restrictions until utilized by the NRA for the Board designated purpose.

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 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	$	4,639,138	$	121,721,275	$	126,360,413
Interest and dividends, net		37,054		2,057,165		2,094,219
Net (depreciation) appreciation		(327,458)		22,430,005		22,102,547
Designations and contributions		142,996		2,498,182		2,641,178
Amount appropriated for expenditure		(73,086)		(4,609,040)		(4,682,126)
Endowment net assets, end of year	$	**4,418,644**	$	**144,097,587**	$	**148,516,231**
Donor-restricted endowments	$	—	$	144,097,587	$	144,097,587
Board designated endowment		4,418,644		—		4,418,644
Total endowments	$	**4,418,644**	$	144,097,587	$	**148,516,231**

	December 31, 2022					
		Without donor Restrictions		With donor Restrictions		Total
Endowment net assets, beginning of year	$	4,440,705	$	135,272,649	$	139,713,354
Interest and dividends, net		403,004		2,352,511		2,755,515
Net depreciation		(329,411)		(16,606,904)		(16,936,315)
Designations and contributions		124,840		5,136,353		5,261,193
Amount appropriated for expenditure		—		(4,433,334)		(4,433,334)
Endowment net assets, end of year	$	**4,639,138**	$	**121,721,275**	$	**126,360,413**
Donor-restricted endowments	$	—	$	121,721,275	$	121,721,275
Board designated endowment		4,639,138		—		4,639,138
Total endowments	$	**4,639,138**	$	**121,721,275**	$	**126,360,413**

The related assets are included in 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.

12. 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.

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.

13. Rental Operations as Lessor

The NRA leases a portion of its headquarters building 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 noncancellable 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.

14. Commitments and Contingencies

<u>Finance Leases</u>

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

	2023	2022
Right of Use assets	$ 1,642,255	$ 1,178,253
Accumulated amortization	(536,238)	(183,647)
Net book value	$ 1,106,017	$ 994,606

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

2024	$	282,580
2025		262,407
2026		517,892
2027		148,673
Total minimum lease payments	$	1,211,552
Less amount representing interest		(93,540)
Present value of minimum lease payments	**$**	**1,118,012**

The present values of the minimum lease payments have been discounted using rates ranging from 0.32% to 4.36%. The finance lease liability is included in accrued liabilities on the consolidated statement of financial position.

Total accumulated depreciation related to the leased equipment for years ended December 31, 2023 and 2022 was $536,238 and $183,647, respectively.

Amortization expense for the years ended December 31, 2023 and 2022 was $349,951 and $183,647, respectively.

<u>Litigation and Claims</u>

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. The jury also found that of this amount ($5,400,000), Wayne LaPierre has repaid to the NRA $1,048,770. The jury found that the dollar amount of monetary harm sustained by the NRA as a result of Wilson Phillips's violation(s) of his statutory duties to the NRA from March 20, 2014, through December 31, 2018, is $2,000,000. The jury found that Mr. Frazer's violation(s) of his statutory duties to the NRA did not cause any monetary harm to the NRA.

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

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

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).

Pursuant to the schedule established at the conference, the parties' post-trial motions for judgment and a new jury trial shall be filed by April 5, 2024, and fully briefed by May 21, 2024.

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 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; and NRA Foundation, Inc., No. 2020 CA 003454 B (D.C. Super. Ct.)

On August 6, 2020, the District of Columbia Attorney General (the "DCAG") filed an action against the NRA and the NRA Foundation (the "Foundation") alleging 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 DCAG further alleged that the Foundation failed to implement appropriate controls and protocols in relation to the funds allegedly improperly diverted to the NRA. The allegations focus on (i) two $5 million loans from the NRA Foundation to the NRA; (ii) payments from the Foundation to the NRA pursuant to a service agreement; and (iii) the process by which the NRA Foundation awards grant funds to the NRA. The DCAG's first amended complaint asserts three claims against the Foundation. Counts I and II are statutory claims alleging violations of the DC 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 is a common law claim for alleged violation of nonprofit purposes.

The DCAG seeks a constructive trust over any funds in the NRA's possession that the DCAG alleges were improperly paid to the NRA by the Foundation. In addition, the DCAG seeks 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 contest liability and filed Answers denying these allegations. The NRA believes that there is no basis for the relief that the DCAG seeks against the NRA.

Defendants contest liability and filed Answers denying these allegations. The NRA believes that there is no basis for the relief that the DCAG seeks against the NRA.

Fact discovery was initially completed in May 2022 but was later 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 parties' motions for summary judgment. Trial is scheduled for April 29 – May 2; May 6 – 8; and May 13, 2024.

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.

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

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

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.

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 inflammatory assertions in Makris' Answer and Affirmative Defenses and answered Makris' counterclaim.

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.

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 ten to fifty years, other property and equipment is depreciated over two to ten years. The NRA capitalizes complete desktop and laptop computers greater than $500 and the majority of all other fixed assets greater than $1,500.

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

The firearms and other objects in the NRA museum are not intended for sale or exchange.

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

Beginning in 2001, the Foundation donations of museum collections were received with restrictions limiting action related to the gifted item to inclusion in museum collections or sale of the item with proceeds added to the Foundation's National Firearms Museum Endowment (the Endowment). As such, donations of museum collections for 2001 and later are considered permanently restricted. Earnings on the Endowment are used to purchase additional collection items and for the direct care of existing collections. The Foundation defines direct care of collections as any activity that involves the protection and preservation of the collection.

SCF uses any proceeds from deaccessioned items to acquire new Items for the collection or for the direct care of the collections. SCF defines direct care as an investment that enhances the life, usefulness, or quality of the museum collection.

Annuities Payable
Donors have established and funded gift annuity contracts. Under terms of the contracts, the NRA has the irrevocable right to receive the remaining contract assets upon termination of the contract. Amounts payable under annuity contracts are recorded as a liability based on the actuarially computed value at the time of the gift. The difference between the amount received for the contract and its actuarially computed liability is recorded as revenue. The discount rate applied ranged from 0.6% to 5.6% for the years ended December 31, 2023 and 2022.

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.

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

Contract Balances
Contract assets include accounts receivable for services or goods provided for which consideration has not yet been received and totaled $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 $44,945,721, $40,265,010, and $47,113,228 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 consolidated statements of activities as net assets released from restrictions.

Proceeds from volunteer-driven Friends of NRA committee fundraising events, net of direct attendee benefit expenses, are recorded in the period in which the event occurs. One-half of Friends of NRA volunteer fundraising committee-level event net proceeds are restricted for the purpose of the fundraising committees' associated State Fund Committees to make grant recommendations to the Foundation's Board of Trustees. These proceeds are classified as with donor restrictions until the restriction is released through subsequent grant approval by the Foundation's Board of Trustees, at which point net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

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

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.

Split-Interest Agreements
The NRA is the beneficiary under several split interest agreements in the form of charitable lead trust and charitable remainder unitrust agreements. Under terms of the agreements, the NRA has the irrevocable right to receive the annual payments during the life of the lead trust and/or remaining trust assets upon termination of the remainder trusts. Split interest agreements are recorded as an asset based on the actuarially computed fair value and adjusted as of the end of each year. The difference between the amount received for the agreement and its actuarially computed value at each year end is recorded as changes in present value of split interest agreement. Split interest agreements due in more than one year have been recorded at the present value of estimated cash flows. The discount rate applied ranged from 3.88% to 4.20% for the year ended December 31, 2023 and 3.96% to 4.14% for the year ended December 31, 2022, and incorporated future life expectancies ranging from 2 to 14 years for the year ended December 31, 2023 and 3 to 15 years for the year ended December 31, 2022.

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 $7,325,553 and $9,486,501, respectively.

Functional Allocation of Expenses

The costs of providing program services and supporting activities have been accounted for on a functional basis in the consolidated 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.

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 Association is exempt from federal income taxes under Sections 501(c)(4) of the Internal Revenue Code and from state income taxes. The SCF, CRDF, Foundation and FAF are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes and are not classified as private foundations. The NRA activities that cause imposition of the unrelated business income tax provision of the Code result in no significant tax liability. The PVF and VF are subject to income tax on investment income under Section 527(c) of the Internal Revenue Code.

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 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 April 12, 2024, which is the date the consolidated 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.

	As of December 31, 2022			
	Total	Level 1	Level 2	Level 3
Equity securities:				
Communication services	$ 4,372,072	$ 4,372,072	$ —	$ —
Consumer discretionary	8,369,589	8,369,589	—	—
Consumer staples	5,988,532	5,988,532	—	—
Energy	4,576,950	4,576,950	—	—
Financial services	11,384,378	11,384,378	—	—
Healthcare	10,136,539	10,136,539	—	—
Industrials	9,068,042	9,068,042	—	—
Information technology	15,381,984	15,381,984	—	—
Materials	4,109,977	4,109,977	—	—
Multi-strategy mutual funds	31,144,605	31,144,605	—	—
Real estate	1,802,977	1,802,977	—	—
Stock funds - commodities	8,235,483	8,235,483	—	—
Utilities	2,317,128	2,317,128	—	—
Total equity securities:	**116,888,256**	**116,888,256**	—	—
Fixed income securities:				
Multi-strategy bond funds	20,766,669	20,766,669	—	—
Mutual funds	21,190,196	21,190,196	—	—
Total fixed income securities	**41,956,865**	**41,956,865**	—	—
Split interest agreements	2,119,184	—	—	2,119,184
Money market	**4,397,781**	**4,397,781**	—	—
Investments at fair value	**165,362,086**	**$ 163,242,902**	**$ —**	**$ 2,119,184**
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			
Certificate of deposits	1,755,318			
Total investments	**$ 173,718,536**			
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**	**$ —**	**$ —**
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)**	**$ —**

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

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 consolidated 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**
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 annunity 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 consolidated 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 consolidated 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 investments could result 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.

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. The NRA intends to vigorously defend against Makris' counterclaim.

15. Contributed Non-Financial Assests

For the years ended December 31, contributed nonfinancial assets recognized within the consolidated statement of activities included:

	2023		2022	
Building	$	—	$	19,860,000
Land		—		2,740,000
Firearms and firearm accessories		453,608		190,566
Total	**$**	**453,608**	**$**	**22,790,566**

The NRA recognized contributed nonfinancial assets within revenue, including a contributed building and firearms and firearm accessories.

The contributed building will be used partially as the Field Operations distribution center. The remaining space will be rented to tenants. Per donor restrictions, the Foundation is not to sell or transfer the building to any third party within 10 years from the gift date. The value of the contributed building, which is located in Columbia, MO, is based on an independent appraisal. This appraisal took into consideration three different approaches in determining market value: (1) value by sales comparison approach; (2) value by cost approach; and (3) value by income approach.

Contributions of firearms and firearm accessories are restricted to inclusion in museum collections or sale of the item with proceeds added to the Foundation's National Firearms Museum Endowment. The values are determined by the Senior Curator of the museum.

The Foundation also included contributed inventory of $160,000 and $165,000 in other income for the years ended December 31, 2023 and 2022, respectively.

The SCF recognized such donations as contributions of nonfinancial assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, SCF reports expirations of donor restrictions when the donated or acquired assets are placed in service. The SCF reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. For the years ended December 31, 2023 and 2022, the total gifts in-kind revenue included in contributions of nonfinancial assets on the consolidated statements of activities was $125,738 and $55,966, respectively.

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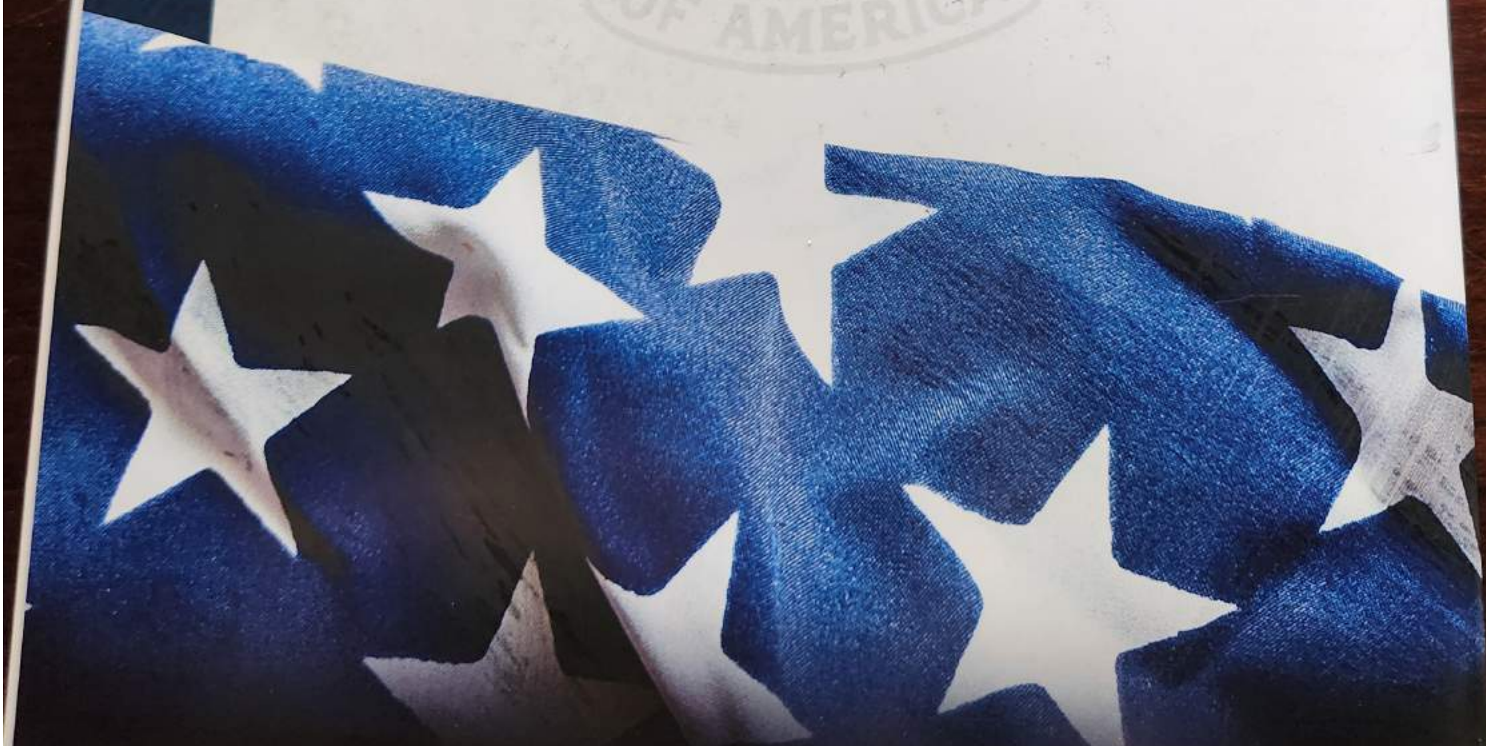

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