

## ANNUAL COMPLIANCE REPORT TO MEMBERS



### Dear NRA Members:

Consistent with our commitment to transparency, good governance, and the stewardship of NRA funds, the NRA Board of Directors proposed that, starting in 2026, the Chief Compliance Officer (CCO) will provide an annual report to our members relevant to the NRA compliance environment, which includes the results of our compliance testing. The Board also directed the CCO to provide a preliminary report containing as many items as reasonably practical before the April 2025 annual meeting and make it available to our members. The proposals were included in the final judgment related to the New York Attorney General's litigation against the NRA.

This report provides the results of independent compliance reviews that were performed by our internal and/or external auditors in the following areas:

- I. Travel and Entertainment Expenses
- II. Contract Negotiations, Execution, and Subsequent Payments
- III. Related Party Transactions
- IV. Whistleblower Reports

The following sections include the scope, methodology, and results of the testing in each of these compliance areas.

### I. Travel and Entertainment Expenses

#### A. Scope and Methodology

Annually, a random sample set of travel and entertainment expenses is selected to evaluate compliance with the NRA Travel and Business Expense Reimbursement Policy. The randomly sampled set of transactions may include the expense reports of directors, officers, and staff.

#### B. Results

##### ***Travel and Business Expenses***

During the period from January 1, 2024, through December 31, 2024, the NRA incurred aggregate travel and business entertainment expenses of \$5.4 million. The Financial Services Division provided aggregate travel and expense amounts by Board Members and Board Meetings,<sup>1</sup> as well as salaried NRA officers, staff, and non-staff. Our external audit firm also conducted additional sampling and reviews of the amounts listed below:

Board Members and Board Meetings	\$1.0 million
Salaried officers	\$0.3 million
Staff and non-staff <sup>2</sup>	\$4.1 million

Except for the findings below, testing indicated that the sampled expense reports were completed correctly with a defined business purpose, submitted in a timely manner, and included the required supporting documentation. Furthermore, no instances of unreasonable lodging expenses were detected.

- A Director (President Bob Barr) submitted a receipt during a business-related trip that mistakenly included two additional meals at an additional cost of \$60.14 without a documented business entertainment purpose. The Director voluntarily reimbursed the NRA for the meals.

### Charter Travel

The NRA Travel and Business Expense Reimbursement Policy states that "Charter air travel is the most expensive means of transportation. It should be used only if no other means of transportation is feasible or if it is



recommended by an independent security study analyzing the risks for a specific traveler.” In all cases, charter air travel must be approved in advance, in writing, by two NRA Officers other than those for whom charter travel is proposed.

There were three charter flights in 2024.

- In January 2024, then-Executive Vice President (EVP) Wayne LaPierre and his security team received approval from two officers for two charter flights between Texas and New Jersey to attend litigation proceedings in New York City and return to the NRA Board meeting in Dallas, Texas. Additionally, with the approval of two officers, Secretary John Frazer was permitted to travel on the return flight to attend the Board meeting at no additional cost. The total cost of both flights was \$55,683.
- In May 2024, two NRA officers approved the return charter flight from Dallas to New York for the NRA Women’s Leadership Forum’s contracted keynote speaker (a non-employee) at a cost of \$26,045. The flight was approved as the only feasible way for the speaker to attend the event and return for an existing professional obligation.

### **First-Class Travel**

No first-class travel expenses were identified for travel in 2024.

### **Travel Exceptions**

The NRA Travel and Business Expense Reimbursement Policy permits certain exceptions to the travel upgrade rules, but they “must be approved in writing by the Treasurer or Executive Vice President and provided to Accounts Payable.”

The following travel exceptions were made in 2024:

- A Director (President Barr) received an exception to upgrade to business class for a business-related international flight due to a documented medical condition. The exception was approved by two NRA officers and was reviewed by the Audit Committee. The same Director also received an exception for upgrading his ride-share services at the Atlanta, Georgia airport due to the same medical condition and the proximity to the ride-share pick-up location.
- An employee (name withheld for health privacy reasons) received an exception from the Secretary as reasonable accommodation for a known medical disability, allowing this person to upgrade to first-class commercial air travel or receive the full cost of mileage to travel to events. The employee did not use the air travel exception in 2024 but was reimbursed for mileage on a personally owned vehicle (which was also used to transport materials and equipment for the events). It was noted that the Secretary was not authorized to provide the written exception and should have deferred to the EVP or Treasurer as authorized by policy.
- An officer (name withheld due to health privacy reasons) received an exception from the former EVP to upgrade to a class of ride-share services above the standard, as a reasonable accommodation due to a medical disability.

The testing did not identify any other exceptions; however, it was recommended that the ride-share procedures for the NRA Institute for Legislative Action staff be updated, which is pending completion.

## **II. Contract Negotiations, Execution, and Subsequent Payments**

### **A. Scope and Methodology**

Annually, we review samples of (i) contracts newly executed by the NRA during the preceding year and (ii) contracts renewed by the NRA during the preceding year. We then test these contracts for compliance with relevant NRA policies. For example, depending upon the subject matter of the contract and the dollar amount, compliance tests may be performed to ensure that competitive bids were obtained or that appropriate



authorizations for the contract were secured. Additionally, payments made pursuant to the sampled contracts may be reviewed to ensure that these payments comply with relevant NRA policies and the terms and conditions of the contracts and that any relevant invoices have appropriate documentary support.

## B. Results

### Ten Highest Compensated Independent Contractors

The following chart lists the 10 highest compensated independent contractors/suppliers that received more than \$100,000 in compensation for services, whether professional or other services, from the NRA during the reporting period.

Contractor	Industry	Amount
BREWER ATTORNEYS & COUNSELORS	Legal Services	\$32,273,602*
MEMBERSHIP ADVISORS FUNDRAISING LLC	Marketing/Membership	\$8,450,000
CIGNA	Employee Health Insurance	\$6,494,874
VALTIM INCORPORATED	Marketing/Membership	\$6,108,881**
INFOCISION MANAGEMENT CORP	Telemarketing/Membership	\$6,012,231
COMMUNICATIONS CORP OF AMERICA	Fundraising Direct Mail/Membership	\$5,814,759
QUADGRAPHICS	Magazine Printing	\$5,215,441
FIDELITY INVESTMENTS	Benefit Services	\$5,015,796
GOULD PAPER CORPORATION	Paper Merchant/Supply	\$4,904,870
LOCKTON COMPANIES	Insurance Services	\$3,459,802

\*The amount includes third-party pass-through charges for related services, such as litigation consultants or expert witness fees.

\*\*Includes postage.

Testing of the top 10 vendor contracts and related invoices revealed that they were in compliance with the NRA's Procurement Policy and/or Purchasing Procedures Manual guidelines.

### Other Contracts

A sample set of contracts and related invoices were tested for contracts that were newly executed or renewed in the previous year (2024). The testing found that all sampled contracts and invoices were in compliance with the NRA's Procurement Policy and/or Purchasing Procedures Manual guidelines.

Additionally, outside of the compliance testing, noncompliance with the NRA's Procurement Policy is reported to the CCO. In 2024, the CCO was notified and documented two incidents of noncompliance. One involved an oral contract, and the other involved a contract submitted to the vendor before the approval sheet was completed. The contracts were under \$100,000 each. In both cases, our internal controls identified the discrepancies before any payments were made. The Office of General Counsel took steps to ensure compliance with the policy, and a reminder email was sent to employees to follow the approval process.

In 2024, the Director of Internal Audit also conducted testing on a sample of contracts and identified a 2010 recurring contract that lacked written approval at the time of the initial services. However, the Office of General Counsel confirmed that the necessary approval was subsequently obtained during a renewal in 2024.

## III. Related Party Transactions

### A. Scope and Methodology

"Related Party Transactions" refer to specific arrangements or transactions involving the NRA or an NRA affiliate,



in which an NRA director, officer, key employee, or their family members have a financial interest. Every NRA director, officer, and key employee must complete annual training regarding these types of transactions and conflicts of interest. Financial disclosure questions are also required to be completed to detect relationships that could give rise to related party transactions. Our annual compliance review includes testing to verify the completion of training and questionnaires. Furthermore, an assessment is conducted to determine whether responses and disclosures made to the questionnaires were properly handled and whether any related party transactions that occurred were appropriately approved and documented, with relevant supporting materials retained by the Secretary of the NRA and/or the Secretary of the Audit Committee (as applicable).

## **B. Results**

As a result of our testing, we noted that all Directors and officers completed NRA's prescribed training (Board Governance), which included a section on related party transactions, except for two Directors (due to health reasons) and three Executive Council members (due to health reasons or another exception).

The Secretary reported 100% completion of the financial disclosure questionnaires by Directors, Officers, and Key Employees, except for two Executive Council members based on health reasons. The disclosures were provided to the Audit Committee for review and analysis on July 12, 2024.

Throughout the year, the Audit Committee reviews reported potential conflicts of interest and related party transactions. Many of the submissions are determined to be de minimis transactions (i.e., too small to raise any concern), transactions in the ordinary course of business, or grants to state affiliates where NRA Directors are associated with the state affiliate but are not involved in the review and approval process and do not receive the funds directly. One potential related party transaction was reviewed by the Audit Committee in 2024, but it was declined due to a lack of information provided.

In 2024, the Audit Committee reviewed a potential excess benefit transaction (26 USC 4958) involving a consulting agreement with Director Marion Hammer, which had been previously approved by the Audit Committee in 2018. In 2024, then-interim EVP Andrew Arulanandam terminated the contract due to insufficient evidence of services performed during that year. The NRA intends to file an IRS Form 4720, reporting an excess benefit transaction.

## **IV. Whistleblower Reports**

### **A. Scope and Methodology**

In January 2024, the Board approved the new Whistleblower and Reporting policy. The policy includes the NRA's commitment to protecting whistleblowers and reporters from retaliation. The NRA also established the NRA Integrity Line, which is a 24/7 hotline reporting channel managed by a third-party provider. Utilizing a third-party provider enhances the integrity of the reporting system by providing additional assurances to anonymous reporters. The NRA Integrity Line posters are posted throughout NRA offices and on the internal and external web pages.

The CCO manages the NRA Integrity Line and the related case management system, where all reports and their outcomes are documented. The Board's Audit Committee oversees the Whistleblower and Reporting policy and process.

Our Directors, Officers, and staff are required to complete training that includes procedures for reporting misconduct, fraud, illegal activities, and policy violations. The NRA maintains an internal case-management system for these reports, and a sample of those case files are subject to compliance-related testing. Our testing ensures that each whistleblower report sample was properly handled and reviewed by the Audit Committee, when applicable. We also disclose certain statistics about whistleblower reports to the Board.

Whistleblower confidentiality is important to the NRA; therefore, we do not disclose the whistleblower's identity or information sufficient to identify the whistleblower without his or her consent during the testing.



## B. Results

In 2024, the Compliance Department received and documented 58 reports. The NRA Integrity Line accounted for 36 of these reports, representing a significant increase over the few reports received in 2023. As with any corporate reporting hotline, not all reports pertain to misconduct or noncompliance; some may include requests for information.

A review of the case management system indicates that of the reports with outcomes, 52% were substantiated, 31% were partially substantiated,<sup>3</sup> and 17% were unsubstantiated. Three reports were deemed to have insufficient information. Corrective actions are performed regarding substantiated allegations when warranted.

Internal Audit tested five cases and determined that allegations were investigated when warranted, memorialized, and reported to the Audit Committee, with the outcomes documented for the closed cases. Additional testing by our external auditor of six reports confirmed that the allegations were appropriately investigated and/or documented accordingly.

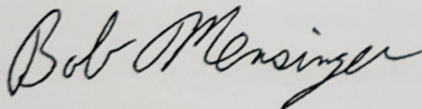
A Whistleblower reporting section was included in the Board Governance training, which Directors and Officers completed. The Integrity training, which both managers and employees completed, also included a section for whistleblower reporting. Furthermore, the Integrity training for managers also provided guidance on how to handle and escalate reports of misconduct or noncompliance that are received.

The testing for Directors and Officers completing the training identified two Directors who did not complete the Board Governance training but were exempt due to health reasons. Four Executive Council members were exempt for health or other reasons. The CCO provided an oral presentation to a director who was unable to complete an online version.

Testing for employee completions revealed several permitted exceptions, including part-time and seasonal employees, as well as those on medical leave. One employee was initially identified as not having completed the training due to an incorrect email address but has since completed it. Two other employees also completed the training after the testing was noted to be incomplete.

The NRA is committed to integrity, accountability, transparency, and consistently improving its compliance efforts. I hope this report enhances the confidence of our members in our commitment to compliance and reassures them that our business practices are conducted with integrity.

Respectfully,



**Bob Mensinger**

Chief Compliance Officer

April 2025

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### Endnotes

<sup>1</sup> The Financial Services Division has implemented new cost codes in 2025 to better isolate and categorize salaried officer expenses for the purpose of this report. For example, the current accounting does not isolate individual lodging expenses when direct billing is the preferred method to obtain discounted lodging rates. Additionally, certain travel expenses may be allocated to a different cost code category depending on the purpose of the trip. For example, meal expenses of staff employees attending Board meetings may be allocated to the Board Meeting travel and expense cost code rather than the staff travel expense code.

<sup>2</sup> Non-staff travel may include, but is not limited to, expenses for volunteers, guest speakers, award winners, and certain contractors.

<sup>3</sup> Partially substantiated cases can include reports where the allegations were substantiated but there was no policy violation, or situations when not all the allegations contained in one report were substantiated.