

00:00;20;05 - 00:00;45;07

Stephen Gutowski

All right. Welcome, ladies and gentlemen, to another episode of the Weekly Reload Podcast. I'm your host, Stephen Gutowski. I'm also a CNN contributor and the founder of thereload.com, where you can head over and sign up for our free newsletter today. If you want to keep up to date with what's going on with guns in America from a sober, serious perspective that focuses on hard news and analysis over opinion and bloviating.

00:00;45;22 - 00:01;18;00

Stephen Gutowski

This week we are talking about the National Rifle Association and their latest financial reports, which I have here with me, from this year's NRA annual meeting that I was at in Atlanta over last weekend. And to do that, we have with us Ohio State University professor of accounting Brian Mittendorf, who is, look been following the NRA's finances for quite a while now and I think can give us a good deal of insight into what exactly this report shows.

00:01;18;03 - 00:01;22;22

Stephen Gutowski

So welcome to the show. Brian, thank you so much for joining us.

00:01;22;25 - 00:01;24;18

Brian Mittendorf

Thanks for having me back.

00:01;24;21 - 00:01;32;22

Stephen Gutowski

Yeah, absolutely. And, just for anyone who who, doesn't know, can you just give them a little bit about your background?

00:01;32;24 - 00:01;57;20

Brian Mittendorf

Sure. My background is in accounting, and, I'm an accountant and teach and research in accounting, particularly focus on nonprofit organizations. And so I, as you mentioned, I follow the NRA over the years due to its prominence, I always kind of keep an eye on where their finances are and have seen the ups and downs over the years, and so it's had followed them due to their prominence in the nonprofit world.

00:01;57;20 - 00:01;58;26

Brian Mittendorf

Not necessarily on the gun side.

00:01;58;26 - 00:02;20;16

Stephen Gutowski

So yeah. Yeah. You're you, yes. Obviously your interest is in the the nonprofit, the NRA is a national nonprofit entity and, and, and finances and accounting and, and not so much on the political or not even nonpolitical gun stuff. So that's why we want to have you on so we can get, some of your expertise.

00:02;20;16 - 00:02;41;15

Stephen Gutowski

And you have looked over this report, and let's just start with the, I guess, the broad strokes. What what are you seeing in this 2024? And this is from last year, right? This 2024 annual report. What are you seeing overall for the NRA right now?

00:02;41;18 - 00:03;02;20

Brian Mittendorf

I guess if you it depends on whether you want to take the glass half full or glass half empty approach for them. But let's

start with the the glass half empty from their standpoint, which is, this this organization has been shrinking for several years now. Their budget particularly spending on core programs, has shrunk quite substantially over the years.

00:03;02;20 - 00:03;27;24

Brian Mittendorf

And that continued again. Their legal costs have been really high in recent years. That was the case again, their financial cushion has been pretty thin. That's the case again. So, you know, if you want to say they've been kind of on this downward slope, it's still kind of on the downward slope. On the glass half full side, I would say that seems to be leveling off in many ways.

00:03;28;05 - 00:04;02;14

Brian Mittendorf

So the declines aren't as substantial as they've been in the past, both on the revenue and expense side. And so maybe they're approaching that low watermark in terms of what they're size can be. And then I know we've talked about this, already, outside of this discussion, but the other piece, which is kind of unique to that, to them, is, you know, if I say they're at a low watermark and they're going to be it's not necessarily that they're permanently there because the organization has incurred all those legal expenses.

00:04;02;14 - 00:04;16;23

Brian Mittendorf

And really, if they were to shore up that money, they would have a lot more money to spend. So, you know, from their standpoint, there's some silver lining here in the finances. It seems like they're kind of approaching that low watermark. And it seems like there's some things they can build on.

00:04;16;26 - 00:04;43;06

Stephen Gutowski

Yeah. So yeah. Like you said, I think there's a you could look at it two ways are still declining. They're still shrinking, but they're not shrinking and declining as fast as they used to be. Just to put some numbers to it, the report shows the NRA brought in 51.7 million in membership dues in 2024. Now that's down from 61.8 million the year before.

00:04;43;09 - 00:05;13;25

Stephen Gutowski

However, that's a 16.3% decline. The year before. They had a 25.7% decline in membership dues. So the rate has slowed. It's still substantial 16% decline in revenue and, membership dues. This is not a positive thing, but it's less than it was. The NRA raised a total of 22 point to 223.9 million and spent 233.7 million. So they're in the red again.

00:05;13;28 - 00:05;53;19

Stephen Gutowski

But, that was also better than 2023. Like then. They weren't as far in the red this time around as they were last time. And, and so I guess those are the signs of improvement. Although I guess to. Yeah, to put it back in context, like you said, if you go back and look at an older report like this one from 2018, what you'll find is, the group that year brought in \$170.3 million in membership dues and 412 million in overall revenue.

00:05;54;20 - 00:06;21;12

Stephen Gutowski

It still landed in the red, it seems to. The NRA has had a habit of operating in in the red, spending more than it brings in, for quite a while now. But, they did they did manage to spend \$423 million that year, which just completely dwarfs the NRA as of today. And, you know, dues are about a third of what they used to be, and spending is about a half.

00:06;21;14 - 00:07;04;29

Stephen Gutowski

So, I don't, but at the same time, like I said, there's there's positive signs. The decline at the rate of decline is slower. And, you know, one of the reasons for that, I think, is the financials, sorry, the the legal spending, as you alluded to, is, has been so substantial over the last six years because of this corruption scandal that they've been in and engrossed in,

with their former executive vice president, Wayne Lapierre, and him being found liable by a jury for diverting millions of dollars of funds towards, you know, personal expenses.

00;07;05;01 - 00;07;24;05

Stephen Gutowski

They've spent something like \$200 million on, legal fees, in particular to one law firm, over that time. And, you know, I guess, was there any change there on that detail in this latest report.

00;07;24;07 - 00;07;55;01

Brian Mittendorf

Maybe a little, I think the legal expenses might have gone down some not a huge amount, but I think what we see in the report is kind of those green shoots of the legal expenses could go down a lot very quickly. You know, if we look back to that 2016, 2017, 2018 period, we're talking, you know, 6 to 12 million legal expenses a year, whereas now they're talking 45 to 50 or 40 to 50 million of legal expenses a year.

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Brian Mittendorf

And that is it for an organization that is now half the size, as it was back then, that is an unbelievable difference. And if they can, if they can settle into a new norm where they incur legal costs that are part of the day to day life of a nonprofit of their size, and they got down to even that 10 million mark, which is not, it's not a very small amount of legal expenses, but it's a, you know, it's a fourth of what they spend right now.

00;08;22;15 - 00;08;46;08

Brian Mittendorf

The thought of shoring up \$30 million like that, an organization that's been shrinking to just suddenly have access to 30 million or more dollars. It's that that would be the silver lining to me that they really they really do have an opportunity to, to start building up what they do in terms of spending before convincing members to come back.

00;08;46;10 - 00;09;04;27

Brian Mittendorf

And spending more helps members come back. And so, you know, it's the chicken or egg problem, just like they were on this spiral of losing members and having to cutting back spending and losing members and having to cut back spending. If they can reverse that spiral by spending more on membership programs, it's going to be easier for them to get members back.

00;09;05;00 - 00;09;34;04

Stephen Gutowski

Yeah. So just to give some numbers on the the, legal expenses. Now, the way they categorize this is legal audit and taxes. So this is an all legal expenses necessarily. But this is how they count it. In 2023, they had they had spent upwards of \$54 million, in that category almost entirely in, what they call admin legal expenses.

00;09;34;04 - 00;10;01;19

Stephen Gutowski

So very, very likely the the New York litigation of the the corruption lawsuit. And that was their top line item of everything. You know, they didn't don't spend more on any other single thing. They spent less on salaries and benefits for staff. They spent less on, you know, member communications. They're very the core programs, as you alluded to, professional services.

00;10;02;04 - 00;10;33;08

Stephen Gutowski

You know, they're they're, legislative programs. They spend only spent, for instance, you know, 18 million on legislative programs in 2023, whereas they spent 54 million on, you know, legal fees, legal audit and taxes. Then in 2024, they did come down, and significantly, right, 45 million, 45.5 million. So it's still still a lot, but not 54 million.

00;10;33;11 - 00;11;02;29

Stephen Gutowski

Right? Right. And, you know, that was still almost all within the admin section. So 40 million of that was in admin. And it wasn't actually the top line item anymore. By a small margin, the NRA actually spent more on professional services and, you know, salaries and, and benefits for staff. So, I guess you might call that like incremental improvement in that area.

00;11;02;29 - 00;11;04;03

Stephen Gutowski

Right?

00;11;04;06 - 00;11;26;24

Brian Mittendorf

Yeah. I mean, I guess that's the message for most of this financial statement, like all the things which were problems for them over the last few years have improved a little bit. Not enough to say that. Oh, everything's turned around. But like I said, I think that there, you know, in early indicators that things, things certainly can turn around now by what turnaround means is another question.

00;11;26;24 - 00;11;38;25

Brian Mittendorf

Will they, will they return to the size they once were. That's that's a really uphill climb. But will they grow again. That seems very likely.

00;11;38;28 - 00;12;04;27

Stephen Gutowski

Yeah. And and, to drill down even further, I guess, on the legal stuff, we do have, compliance report that they handed out to members meeting as well, which shows they're top outside contractors and, by far their top outside contractor. Again. And this has been the case for years now was, Breuer attorneys and counselors, this is the outside firm that has handled their legal, strategy.

00;12;04;29 - 00;12;28;22

Stephen Gutowski

And during this corruption scandal, they were the ones, you know, who, advocated for the group to try to file bankruptcy to avoid the New York case. It didn't work. They come up with a lot of the the legal defenses and represented them in court throughout that New York trial, which, which is, has cost the NRA a lot of money.

00;12;29;06 - 00;13;06;08

Stephen Gutowski

And they in 2024 accounted for \$32.2 million worth of, spending on explicitly on legal services. So, you know, how much of the other that that overall number, is also legal services is not entirely clear, but that number is what went to the Brewer firm. And I believe that some of that, at least, is probably caught in the \$200 million estimate that was previously reported on how much has been spent, by the NRA at the Brewer firm over the last, you know, half decade plus now.

00;13;07;01 - 00;13;29;15

Stephen Gutowski

So, you know, just to give people an idea that that's where a lot of that legal spending ended up is in this firm, and they've dealt mostly with that New York case, though there are there were several other, cases going on as well with other, you know, actor McQueen, for instance, had long, long running dueling lawsuits with them that they had to settle.

00;13;30;08 - 00;13;48;15

Stephen Gutowski

But, you know, that's where a lot of that money went. And I think that's what you're saying is like, this is where they have a real opportunity to, convert that spending into spending that might attract new members. Right?

00:13:48;18 - 00:14:09;15

Brian Mittendorf

Right. Either directly on trying to attract members or on spending on the programs that members see and value and, you know, feel the benefits of that spending. And I'm not not to say that the legal spending wasn't appropriate. That's a that's a different question, I think. But they were just going to answer that.

00:14:09;15 - 00:14:11;13

Stephen Gutowski

That's a debate in terms of legal costs.

00:14:12;03 - 00:14:39;24

Brian Mittendorf

And I don't know whether it is an appropriate amount, but it certainly isn't something that day to day members were feeling like it was it was something they're getting from the organization. Again, whether the organization should have spent that is a completely different question. But if they if that money is freed up so they can spend it on more member events, education, events, training, conferences, you know, things that are much more directly related to the member experience.

00:14:39;24 - 00:15:03;09

Brian Mittendorf

Then you know, it opens the possibility that they they can bring back some of those lapsed members. And of course, that's ultimately what the organization wants to do is, is return to its previous size, whether it can get bigger at that point, I don't know. But whether it can grow that. Again, that seems like a very reasonable thing to expect in 2025.

00:15:04;11 - 00:15:22;08

Brian Mittendorf

Because of the way the financials are set up. I mean, one thing I should mention, and we we can get into this if you want, as you know, like membership revenues are a third of what they used to be, and expenses are half of what they used to be. Part of that is because they've shrunk quite a bit and they've lost members.

00:15:22;10 - 00:15:43;07

Brian Mittendorf

Yes, but I know they have not lost, two thirds of their membership either. Arguably, some of those previous numbers were, higher than what you would expect for this organization. So they were spending really I mean, part of the problems they got into is they were spending probably more than they had the capacity to spend for several years.

00:15:43;10 - 00:16:10;03

Brian Mittendorf

And on the membership revenue side, you know, not to get too into the accounting weeds, but, you know, the membership revenue that they recognize, if they have a multi-year membership, a lot of that revenue can get recognized in the early years of those memberships. So when they were signing up, multi-year and lifetime members, a lot of that was being accelerated as revenue to them, on the financial statements, it but it doesn't mean they lost those members.

00:16:10;03 - 00:16:25;10

Brian Mittendorf

Some of them, they did like you said, but it doesn't mean they lost all those members, but they might be losing the dues that those members would be paying because they already paid for multiyear memberships. And I guess that's a little bit into the weeds. But I didn't I didn't want to create an impression that the membership is a third of what it used to be, because I.

00:16:25;11 - 00:16:26;19

Brian Mittendorf

Right. If that's the case, it.

00;16;26;19 - 00;16;57;29

Stephen Gutowski

Doesn't appear to be. Yeah, they've lost several million at most, but, they should probably still be closer to about two thirds the size membership than they even have the lowest estimates that we've seen. But because we don't know for sure it's not public information. What how many members there has. But they're, they're estimates out there, and they're, you know, the latest that I've seen is somewhere between 3 and 4 million, when they used to be at five and a half or so million.

00;16;58;12 - 00;17;20;04

Stephen Gutowski

So, they have lost a lot. But to your point, yeah, they haven't the the dues declining by far more than that doesn't necessarily. There's other reasons why it might have that might have happened other than just losing membership. Because you're right. And then it's been a long time, sort of, upselling your annual member into a, a lifetime membership.

00;17;20;04 - 00;17;39;23

Stephen Gutowski

And one of the problems from a, I guess, from an accounting standpoint, the financial standpoint of doing that is how you recognize that money. And, you know, once if you recognize that life membership all at once, then that donor isn't a donor anymore. They become a liability because you still have to service some stuff to give them their membership benefits.

00;17;39;23 - 00;18;04;11

Stephen Gutowski

But, you know, they don't have to give you any money anymore. Now, many of them may then form contributions, but, you know, that's a different question. But, just back to the, to the legal, side real quick because, you know, there's what we have in these reports, 20, 20, which cover last year. Right. And then there was a little more information we have beyond what's in these written reports.

00;18;04;11 - 00;18;34;01

Stephen Gutowski

Right. That maybe backs up what your, I think your theory of the why they have an opportunity here because one, as I just mentioned, Brewer has been the top, outside contractor for years. And really way above it was, for instance, in 2020 for this number two outside contractor was, membership advisors fund fundraising, which is, you know, as the name implies, a fundraising group, company that they work with.

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Stephen Gutowski

They spent 8.4 million on them so far, far less than the 32 million, they spent on the outside law firm. And that since, you know, the end of 2020 for the brewer firm no longer represents the end, right? They they've cut ties with them. It was one of the internal fights, among honorary, leadership and, you know, when the New York trial concluded, which is another thing that happened, right.

00;19;01;13 - 00;19;46;19

Stephen Gutowski

The New York trial is over. Now, they don't need to necessarily incur nearly as much expense, in, litigating that trial as they did even just last year, in 2024. And then also the law firm that they've been paying, quite a lot of money to do that. They're no longer, working with, and we have some insight into what that's done for their, their legal expenses because like, you, you know, like we just talked about the 2024 numbers a little bit better than 2023 numbers, about 9 million less than they spent in that category, but still their third biggest expense overall and still in the 45 plus million dollar range.

00;19;46;29 - 00;20;20;04

Stephen Gutowski

Doug Hamlin, who's the executive vice president of the NRA, he replaced Wayne Lapierre. After Lapierre resigned in early 2024. He said at the members meeting that their legal expenses had gone from 15 million in the first quarter of 2024, which is reflected in these reports that we have down to just 685,000, in the first quarter of 2025, which, you know, isn't reflected in these these reports, but is, you know, something he said, directly.

00;20;20;04 - 00;20;46;15

Stephen Gutowski

So, I mean, that sure implies that they're going to have a whole lot more, space to use those funds without having to raise, you know, more money from membership. And they can, you know, I mean, if that if that trend holds, you know, they're going to be spending less on, legal fees than at any time during this whole, scandal.

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Stephen Gutowski

Right?

00;20;48;27 - 00;21;17;27

Brian Mittendorf

Yeah, yeah. For, for many years since we've seen that level of legal when you annualize that, that level of legal amounts. Well, even if that's not sustainable at that rate, even if it's sustained at twice that rate, it's still an enormous decline in spending. And, you know, to just to think of an organization with a budget that size, you know, they're their most recent year, but their budget was around between 200 and \$250 million.

00;21;17;29 - 00;21;47;11

Brian Mittendorf

To suddenly say, you've got an extra 10% in your budget, there's three extra \$25 million. Is, it's a rarity that an organization would have that, and again, I know they've they've had a lot of challenges over the years. So it's weird to say they're in a good position. But after several years of just all the financial news was bad, you know, you see some you see some signs for them that which indicate they have much more flexibility in and have ever had.

00;21;47;13 - 00;21;49;24

Brian Mittendorf

All right. Since I've had, since the, you know.

00;21;50;00 - 00;22;13;13

Stephen Gutowski

Since this all started. Yeah. Because with that implies, I mean, you could have upwards of \$40 million, to, to move to other priorities, right? If they're really spending, you know, 685 that you. Yeah. That's what less less than 3 million in the in a year or around 3 million or sorry, less than 4 million, let's say.

00;22;13;18 - 00;22;33;05

Stephen Gutowski

Yeah. Just very quick off the top of my head now, certainly less than 4 million. And they spent 45 million last year on. Now that wasn't all. You know, there is some I guess we should we should talk about this real quick. But, you know, it implies that there's a lot of money to to open up here.

00;22;33;07 - 00;23;01;06

Stephen Gutowski

I think it gets a little fuzzy when you try to look at the numbers on in here compared to what Doug Hamlin was talking about. Like, just how they don't completely match up with the the outside contractor number. Because not everything in here is going to legal expenses. Like I said, it's legal audit and taxes. So there's some wiggle room there as to what that that breakdown is.

00;23;01;28 - 00;23;31;04

Stephen Gutowski

And Hamlin may just be talking about, like, one section of the NRA's legal spending, because that's the other thing about these reports, that I think we should address. Right. That maybe you can explain to people this is not I mean, first of all, I guess, what is the NRA? Because everybody thinks of the NRA as like and most major political organizations as one entity, but it's not really right.

00;23;31;06 - 00;24;00;25

Brian Mittendorf

Yeah. And I think, you know, the footnotes in that financial statement, we'll go in in depth on this, but it's a collection of organizations, you know, the the NRA. What I would say is the NRA, is a membership organization. It's a 501 C4 membership organization, but there's affiliated charities. 501 C3 charities, the largest the NRA Foundation. And, you know, then there's much more, expressly political organizations that are involved as well.

00;24;01;14 - 00;24;26;27

Brian Mittendorf

So it's a collection of all these entities. I think people often think of the NRA, meaning the membership organization kind of interchangeably with this collection of entities, but they're not exactly interchangeable to your point. So the financial statements, you know, you have access to those, select those reflect the collection of entities. So in there's several, I forget whether it's 6 or 7, but,

00;24;27;00 - 00;24;28;05

Stephen Gutowski

There's seven, there's something.

00;24;28;05 - 00;24;45;14

Brian Mittendorf

Okay. So but for in terms of big dollar amounts, I would say that the two to really focus on is the NRA membership organization, the five one C4, which we can kind of think of as the parent here. And then the NRA Foundation, which you can kind of think of is the is the offspring of the NRA.

00;24;46;04 - 00;25;08;05

Brian Mittendorf

And it's an interesting situation. The 501 C4 is really the one that's had the financial difficulty. The the NRA Foundation has really been in a strong financial position for a long time. So when we see the financial statements to combine these together, it creates the impression that it's it's one big pot of money, but it's not. It's separate pots of money.

00;25;08;07 - 00;25;42;01

Stephen Gutowski

Right? Right. Exactly. And that's one of the limitations of this report, even though we get it every year. And we can compare apples to apples in that sense, what you're what these numbers are representing is the all of those NRA entities together. And that, that, that can hide some, struggles in some areas, because, like, you know, the NRA Foundation is A51 C3, as you mentioned, which means that people can donate and their their donations are tax deductible.

00;25;42;04 - 00;26;16;08

Stephen Gutowski

And so people are more inclined to give to the NRA Foundation. It's also less controversial, right, because then around Foundation focuses on the nonpolitical stuff, the training and safety and education, you know, competition, shooting, the things that don't deal with politics as much. Right? Certainly. And you see that a lot with these kinds of organizations right there that, you know, they tend to have a nonpolitical arm and then a political arm and even even the political like the advocacy arm gets split up because of tax laws, right?

00;26;16;08 - 00;26;43;07

Brian Mittendorf

Like, yeah, some much more expressly political activity is going to be done by class 27 organization, which is affiliated.

And so, so like you said, I think, the thing that kind of gets lost in the, in the weeds, maybe with this, financial statement, is that it? You know, their overall financial position looks pretty good, but a lot of that is driven by the NRA Foundation, which has had a really good financial position.

00:26:43;09 - 00:27:03;08

Brian Mittendorf

And it's the NRA membership organization, which has struggled over the years. And why you're focusing on membership revenue. Because that's that's the money that's most flexible. The money that's coming from donors is often restricted by those donors for particular things. And even if it's not, if it's going into the foundation, to your point, it's it's legally restricted as to what it can be used for.

00:27:03;08 - 00:27:26;11

Brian Mittendorf

It has to be used for that charitable purpose. So it's used for training, education, safety, and not more political things. And so yeah, not to not to pull a reference from Arrested Development, but it's like the, the money in the banana stand thing that the NRA Foundation has always had that money and the NRA has struggled and but the NRA can't just pull that money from the foundation.

00:27:26;11 - 00:27:27;14

Brian Mittendorf

And so.

00:27:28;07 - 00:27:29;21

Stephen Gutowski

Not legally at least. Yeah.

00:27:29;21 - 00:27:44;09

Brian Mittendorf

Yeah. And so is part of, legal challenges that they faced from Washington, DC, was whether the accusation that that some of the money was being pushed towards the NRA from the foundation and, that that was an accusation there.

00:27:44;25 - 00:28;12;14

Stephen Gutowski

And that, yeah, they had a settlement with, the DC in general over that. And actually they're still alive, you know, they're not totally out of the woods on their legal troubles yet. In fact, there's still a live case from NRA donors to the foundation. That's had a headed up by it's a class action suit by, headed up by a guy named David Del Koya who used to doing, like, six figures.

00:28;12;14 - 00:28;41;07

Stephen Gutowski

The NRA Foundation. And he essentially, the lawsuit accuses, the foundation of funneling money to the NRA, which then was used by Bob here to, on personal expenses. And so that's that's still a live case. It's all of its claims actually survived, recent court ruling so that they still have a number of legal of, of, legal exposures that could affect them financially.

00:28;41;07 - 00:28;56;21

Stephen Gutowski

In fact, they talk about a bunch of them, right, in this report at the end, they kind of give their, sort of like a, I guess in an earnings call, the corporation would give out their, you know, potential liabilities that they're facing. And they they do that in this report with all.

00:28;56;22 - 00:28;58;09

Brian Mittendorf

The that in their financial report, you.

00:28;58;09 - 00:29;17;28

Stephen Gutowski

Know, all the different, lawsuits, whether it was the New York case, the DC case, the, Aquaman McQueen case, there's there's like 6 or 7 of them in here. Now, some of these are is like the New York case, but, you know, not all of them are, I guess some. Right. There's still some risk, right?

00:29;18;01 - 00:29;33;26

Brian Mittendorf

Yeah. I, I should clarify, you know, I don't want to make it sound like there's a lot of money in the foundation, and the NRA doesn't have much funds at all. And there's no way money can flow, because money can flow legally from one to the other to to your point through.

00:29;33;26 - 00:29;34;07

Stephen Gutowski

Right.

00:29;34;07 - 00:29;57;03

Brian Mittendorf

And the fact that the NRA is conducting educational programs, they can receive a grant from the NRA Foundation to conduct those programs. And so, it's just that they're not money can't freely flow. So the NRA can't say anything we can spend money on. We can get that money from the NRA Foundation. And so it's an organization that like the big picture, their financials still look pretty good.

00:29;57;03 - 00:30;23;26

Brian Mittendorf

And actually big picture have looked okay during these years. The problem is the money that they have that's at their disposal is is quite restricted in what they can do with it. And so you know that these, these consolidated financial statements that bring the whole bucket of organizations together, we do we do miss out a little bit on what that membership organization has at its disposal, because that's that's the more freely spendable money.

00:30;23;28 - 00:30;36;06

Brian Mittendorf

But as you noted, membership revenues are way down. And so to the extent the organization has shrunk, that's where it's shrinking in in the, the, the pot of money that's much more flexible.

00:30;36;08 - 00:30;46;27

Stephen Gutowski

What about, contributions? Because contributions were actually up, in 2020. For what? You know, how should we view those compared to, like, members dues?

00:30;46;27 - 00:31;11;23

Brian Mittendorf

And this is where it's going to be much more helpful to, see where those contributions went. Because what we have is a consolidated financial statements. And so I'm just looking at their the member dues, or sorry, their, their contributions in 2024. They, they, like you said they were up. Even the ones that donors didn't restrict were up.

00:31;11;28 - 00:31;42;10

Brian Mittendorf

And those things all sound positive for them because, you know, money that comes in the donors restrict is perfectly good money to have, for the organization. But it is more restricted by by nature. The money that comes in without donor restrictions has much more flexibility for the organization. The open question I have, though, would be that those donations coming in, those contributions coming in, how much of them are coming into the 501 C3 Foundation?

00:31:42;11 - 00:32:05;17

Brian Mittendorf

Because, like you said, the foundation, it has the advantage. It can attract donations much easier because they can offer a tax deduction for those donations. So if all of those donations are going into the 501 C3, that money is not freely used by the by the collective. Right. And I don't know that split, but it certainly it's good news for them.

00:32:05;17 - 00:32:17;02

Brian Mittendorf

Regardless, the question is how much money does it free up for them? If they had membership revenue going up, that would be kind of unequivocally the membership organization is is better off from it.

00:32:17;02 - 00:32:31;12

Stephen Gutowski

So so in these numbers, it's much easier to tell, you know, what membership dues are doing than it is contribution contributions are still, harder to read just because they're they could be going to any of these seven different entities.

00:32:31;12 - 00:32:46;25

Brian Mittendorf

Yeah. And they're they're consolidating together. Now the organization knows they're forming 90, financials when they're disclosed. We'll have that split. It's just not not publicly available. I haven't seen them.

00:32:46;27 - 00:32:53;18

Stephen Gutowski

And the 1990s, we don't usually get those until a while after they do file to, at least publicly.

00:32:53;18 - 00:33:12;08

Brian Mittendorf

I tend to not see them till. No, about November. So. Yeah. You know, they're they're due 15th day of the first month and then they can get a six month extension. And the NRA, they're not unusual in this. They typically get the extension. And so we tend to see them in November. But again I'm not saying you should read anything into the delay.

00:33:12;08 - 00:33:39;29

Brian Mittendorf

Most a lot of churches do that. But it just means we don't get those details till later, at least publicly. Of course they know them at this point. And so they could they could say more about that split for sure. But the split I guess the bottom line is the split matters where the money's flowing in does matter to the organization as a whole, because the foundation has historically had plenty of money to do their operations.

00:33:40;01 - 00:33:51;12

Brian Mittendorf

And the NRA membership organization is the one that's been more short on, on funds. And so, you know, the more they can generate funds on that side, the more flexibility they'll have.

00:33:51;15 - 00:34:18;00

Stephen Gutowski

That makes sense. Yeah. Now, you know, if you if you look at a little more detail here. Yeah. It does seem like the NRA, was able to increase its spending in political spending during the 2024, which, you know, you would hope that would be the case because it's the, you know, presidential election year. But, you know, certainly not anywhere near the levels that it was back in 2016 or even 2020.

00:34:18;00 - 00:34:44;29

Stephen Gutowski

Right? I mean, this they went from 18.7 million on legislative programs, which also by that of course includes like staff salary. Not all of this is directly and like ad spending or anything like that. But but they did increase it to 31.7 million.

So, you know, not quite double from 2023, but you can certainly see the effect of, the political campaign on their expenditures in here.

00:34:44;29 - 00:34:46;13

Stephen Gutowski
Right?

00:34:46;16 - 00:35;04;11

Brian Mittendorf

Yeah. And again, it's hard to separate, you know, how much of this is driven by the the political season as opposed to how much is driven by they had a lot more money at their disposal. But again, if I were, if I were in their shoes, I would say nonetheless, it's a good sign for them, you know, that they had the capacity to spend more.

00:35;04;21 - 00:35;26;17

Brian Mittendorf

Because things have been spiraling in such a bad direction for them financially that the fact that they had the capacity to increase their spending would indicate that, you know, it's it's not it is. It's not as bad as it could be. Right. And, you know, again, it seems like a lot of the signs out there that they've kind of hit, the low point.

00:35;26;24 - 00:35;49;04

Brian Mittendorf

And, you know, they've also the non-financial stuff. We've seen changes too. So they, they there's a story they can tell, like we're a different organization than we were. And, you know, I certainly can't speak to whether the, the new leadership is different or, you know, whether it's substantively a different organization, but at least it's it's not the exact same organization than it was.

00:35;49;04 - 00:35;53;17

Brian Mittendorf

And so they can kind of re pitch the story of who they are.

00:35;53;19 - 00:36;17;10

Stephen Gutowski

Right, right. Which, which they are doing. Right. That is something they've tried to do. Although the the compliance report here does have signs of some of those old problems that have been at the core of, of the scandal. Right? I mean, for one, and, you know, to be fair, these are early 2024, but they were still spending on private jets.

00:36;17;22 - 00:36;46;22

Stephen Gutowski

They spent \$55,683 on to charter jet trips, charter flight flights between Texas and New Jersey for Wayne Lapiere when he was briefly still, the executive vice president before he resigned ahead of the jury, finding that he was liable for, you know, paying back millions of dollars. The NRA, they they did spend \$55,000 on two flights for him.

00:36;46;22 - 00:37;26;12

Stephen Gutowski

And then in May, they spent another \$26,000 on a single flight from Dallas to New York for, an unidentified keynote speaker at the Women's Leadership Forum event that they had that they hosted. So, you know, and in addition to that, there was, they did spend another \$110,000, on, paying one of their board members, Marion Hammer, again early in 2024, because that they also note that that contract was cut off.

00:37;27;18 - 00:37;54;28

Stephen Gutowski

Even, and all this stuff happened, I believe, before Doug Hanlon became, the executive vice president. So, these but, you know, that stuff is still there, some of these lingering, issues that really were at the core of the this half decade plus corruption scandal. You do still see that? Not as much of it, but it is, you know, the remnants are still there.

00:37:55:00 - 00:37:59:25

Stephen Gutowski

Maybe they're not. Maybe next year when we get the same reports, they won't have any of this stuff.

00:37:59:25 - 00:38:00:26

Brian Mittendorf

And they look a lot different.

00:38:00:26 - 00:38:03:06

Stephen Gutowski

Yeah, yeah. I mean, I guess that's the.

00:38:03:06 - 00:38:03:24

Brian Mittendorf

To your point.

00:38:04:02 - 00:38:06:16

Stephen Gutowski

Right side that maybe they have turned the corner on this.

00:38:06:23 - 00:38:31:21

Brian Mittendorf

That, that they, you know, they can tell a story that they might have turned the corner. But to your point, it's hard to tell the story that they did so rapidly. Right. Yeah. This this has been a brewing and ongoing scandal for quite some time. And, you know, they restated their financial statements a few years ago and admitted to some wrongdoing in the sense of he, Lapierre reimbursed the organization for some certain costs.

00:38:31:23 - 00:39:06:09

Brian Mittendorf

And so, this was a. What the cause of it is, I don't know, but it was it was a pretty reluctant change whether who will who's reluctant in making the change? I'm not sure. But, it was a reluctant change. But at least, you know, they're at the point where they can say we we did make noted changes and like you said, yeah, next year, they say, you know, ever since the new executive vice president came in and ever since the new board, we haven't had any of those, those issues, they can at least tell a story that it's a different organization in the way that it's run.

00:39:07:00 - 00:39:31:02

Brian Mittendorf

Not that they have a different mission, but just the way they operate is different. And to the extent that members were turned off by the way that they used to operate, and you know, not only will they have more resources at their disposal than they used to have, they they have a story. They can tell that to those donors or, and or members that, you know, where are spending practices are, financial controls.

00:39:31:05 - 00:39:35:02

Brian Mittendorf

And our policies are all different.

00:39:35:04 - 00:39:55:02

Stephen Gutowski

Yeah. I mean, it does remind me a bit, I guess. I guess the question is whether they've done this fast enough. Right? They they do have this story, different story now. They have a lot more compliance. I mean, this compliance report is the result of this trial, and the NRA attempts to reform itself. They have a chief compliance officer.

00:39:55:02 - 00:40:23:08

Stephen Gutowski

They never had something like that before. Then they resisted making those changes for years, during this scandal. But they did, you know, they didn't meet the worst case scenarios of this trial, right? The dissolution of the organization was something the attorney general in New York tried at, the, appointment of a court directed overseer was another thing they tried out after dissolution didn't work.

00:40:23;10 - 00:40:50;10

Stephen Gutowski

They didn't get those things. They did get, you know, some court ordered reforms like this. Chief compliance officer, role being more protected. But, you know, they they still have taken six, seven years to get through, maybe get through. Maybe we're at the end of this scandal period. Right? Is kind of what what we're seeing the beginning signs up.

00:40:50;10 - 00:41:14;21

Stephen Gutowski

Perhaps. But it does remind me of, you know, a couple other very well known, nonprofits that went through similar scandals, maybe a different scale, but, Susan G. Komen Foundation and the Wounded Warrior Project both had, corruption related scandals misspent money, or at least at least money spent in a way that people donors did not like.

00:41:15;18 - 00:41:36;16

Stephen Gutowski

I don't know that they ever raised quite to the level that, you know, they got to. But the Wounded Warrior Project, for instance, you know, they spent donor money on retreats for the staff that people felt were too lavish, for a charity that is supposed to be helping wounded veterans. Right. And, that that created a big scandal for them at the time.

00:41:36;16 - 00:41:56;21

Stephen Gutowski

They're obviously a very well known national organization. That's I think, on a scale money wise, was similar to the NRA at its height. And they in about six months, fired the people who were responsible for that and brought in new leadership under the promise, you know, from outside, promise that they were going to clean that up.

00:41:56;21 - 00:42:22;12

Stephen Gutowski

And it took them several years, but they did rebound. They did eventually get back. And now I believe they've surpassed the level of fundraising that they were at before the scandal. Susan G. Come in. On the other hand, a little bit different scandal was kind of, politically charged, had to do with cutting off donations to Planned Parenthood, but, but also had a, corruption element to it.

00:42:22;12 - 00:42:49;07

Stephen Gutowski

Misspent misallocation of charity funds for the founder, and CEO of the organization. She resisted, efforts to reform for, I think, a year plus. And then they've never been able to recover. They're about half the size. Last time I looked, of when that scandal first broke and that was like ten, 15 years ago at this point.

00:42:49;25 - 00:43:01;15

Stephen Gutowski

So I don't know. Do you see parallels there or there, any other maybe charities that you look back on their ordeals and take, c analogs to the NRA?

00:43:01;17 - 00:43:25;21

Brian Mittendorf

Yeah. I mean, there are some similarities. There are also some differences that I would keep an eye on. I mean, similarities, as you know, very well known, publicly visible organizations that the, have all the organizations you mentioned also heavily reliant on lots of donors, not 1 or 2 big dollar donors. Right. And so public perceptions are really important to them.

00:43;26;01 - 00:43;43;29

Brian Mittendorf

So those are kind of the similarities, the things that I would say are a bit different with the NRA, which which, you know, a little bit slower in responding out a little bit. They were slower in March coming up with a solution to this. Or what is ultimately what they've done is was a slow burn to get there.

00:43;44;22 - 00:44;02;21

Brian Mittendorf

But some other differences which make it where, you know, like you said, if you think of one as being a few years later, they bounce right back to where they used to be, or even bigger versus the you kind of settle into being half the size you used to be. You know, which of these paths or where in between the NRA falls.

00:44;02;21 - 00:44;22;24

Brian Mittendorf

A couple of other things to think about there. You know, both of those organizations you mentioned arguably grew a lot faster than they were prepared to grow. You know, they both became very popular very fast, brought in a bunch of money, not necessarily prepared to spend how to spend that money that quickly. And so, you know, the one aware project grew so fast.

00:44;22;24 - 00:44;47;01

Brian Mittendorf

I mean, people would I think even people within the organization would say they weren't prepared for how popular they were going to get. And so some of their practices hadn't caught up with the size that they suddenly got. You know, the NRA is not that the NRA has been around for so long. And so, you know, we can't say the scandal came about because they weren't prepared for all the money that suddenly came to them.

00:44;47;04 - 00:45;13;12

Brian Mittendorf

That makes it a little bit harder to tell the story of how you reverse that, that problem. Right. And the other difference is the one we've, we've talked about, which is, you know, the NRA's a membership organization. It's it's known more as it because of its five one C4 and its more political activities, not for being charitable, though, it does have that charitable arm, whereas, you know, Wounded Warrior Project and Susan G.

00:45;13;12 - 00:45;34;06

Brian Mittendorf

Komen. I think, you know, in many ways their proposition was their their offer, a mission that everyone is on board with. And that means everyone's going to donate to them unless there's a controversy, in which case everyone kind of falls back. And so they saw huge changes because in many ways, their sales pitch was everyone is on board with this.

00:45;34;06 - 00:46;03;24

Brian Mittendorf

You know, the NRA obviously has a very particular angle, and they have benefited over the years from being controversial or being provocative. So, you know, the fact that they were in the news and it was controversial for for a long time, they pushed that as we're being attacked because our views and and so, you know, I don't think those other organizations would ever been able to take the position that, us being provocative is what we want.

00:46;03;27 - 00:46;19;13

Brian Mittendorf

Right? And so I could see that the NRA might had a, had a different stance that, you know, being provocative is worked for them over the years. And a part of it's part of that is their goal is, is to push a particular viewpoint. And so they don't want everyone to agree with what they're saying or doing.

00:46;20;23 - 00:46;36;01

Brian Mittendorf

So, so I guess those are the two things I would keep in mind that, you know, the NRA doesn't have to convince the entire general public to donate to them. What they need is to convince people who really care about their cause to get back on board with them, and that that could be easier for them.

00:46:36:01 - 00:46:37:13

Stephen Gutowski

And interesting.

00:46:37:29 - 00:46:40:12

Brian Mittendorf

But I guess we'll see. We'll see where they fall in that.

00:46:40:18 - 00:46:48:26

Stephen Gutowski

I mean, certainly they have a huge pool of people who used to be NRA members that they can now go with this new message to and say, hey, come back, you know.

00:46:48:28 - 00:47:04:23

Brian Mittendorf

True. And I'm sure they know who all those people are as well. So yeah. So there's going to be a natural group that they can reach out to. And it, it doesn't have to be an organization that's beloved by the entire public. It's an it's need to be an organization that's trusted by those members who used to be there.

00:47:05:16 - 00:47:07:26

Brian Mittendorf

And so it might be a different approach.

00:47:08:17 - 00:47:42:15

Stephen Gutowski

No. Very good points. And really appreciate you coming on and sharing some of these deep insights into, you know, what what the NRA is report, you know, and financial reports are showing us and why. Maybe there's some reason for now for maybe the first time in a while, for hope that they action for NRA supporters that the group is actually going to make a turnaround or at least at the very least, stopped, the decline that they, they've continually been under.

00:47:42:17 - 00:47:55:13

Brian Mittendorf

Yeah. Completely agree. But, you know, it's still not clear what their new normal will be. Yeah, but it's not destined to be shrinking anymore. It, it could be a larger organization than it was in 2024.

00:47:55:15 - 00:48:16:03

Stephen Gutowski

And that'll be the first time if they if they pull that off in 2025, that'll be the first time in what, seven years that they've done that. So yeah, we've that is something that we will stay on top of, of course, and continue reporting on. And we'll hopefully be able to have you back on the show when we have some more, you know, financial documents to go over to get your your great insight on this.

00:48:16:25 - 00:48:23:20

Stephen Gutowski

For people who. Yeah, for people who want to follow, you know, your writing or your work, you know, where can they do that?

00:48:24:00 - 00:48:45:08

Brian Mittendorf

I'm on blue sky. It cat counting charity. Find me on LinkedIn. But otherwise, I, happy to happy to talk about the IRA with you anytime. And I really appreciate your reporting on this. I know you've been, at the forefront for a long time and very objectively looking at their financials and their their circumstances now.

00:48:45:08 - 00:49:06:01

Stephen Gutowski

Thank you. And I appreciate your, you trying to do the same. As far as the, you're focused on the financials of the group and what they say and and not, on what, you know, whether you like their politics or don't like their politics or what have you. So, I appreciate that you're able to come on and give us that, expert insight.

00:49:06:01 - 00:49:28:14

Stephen Gutowski

So, we will we will look to have you on again in the future. Once, once we have, another story like this. So, I appreciate you doing this. But that is all we've got for this week. If you want to keep up to date with what's going on with guns in America and the NRA in particular, you can head over to thereload.com and sign up for our free weekly newsletter today, or buy a membership to support this kind of reporting.

00:49:28:16 - 00:49:51:20

Stephen Gutowski

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00:49:51:20 - 00:50:03:21

Stephen Gutowski

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