



ANNUAL 20
REPORT 22

NRA Civil Rights Defense Fund

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LETTER FROM THE **CHAIRMAN**

THE NRA CIVIL RIGHTS DEFENSE FUND works diligently to secure justice for law-abiding gun owners all across America. As a supporter of the Fund, you have our deep gratitude for making this precedent-setting work possible. The activities of the Fund speak clearly to the dedication of the Fund Trustees in answering the mandate of the Board of Directors of the National Rifle Association of America when it created the Fund in 1978.

To review the dozens of cases currently supported by the Fund to correct the injustice that exists in our laws today, visit www.nradefensefund.org.

In addition to our case law work, we continue to reach citizens in all walks of life with the help of our research programs, grants and writing contest awards. Each year, our writing contests are held at junior and senior high school levels. Additionally, we distribute thousands of pertinent books and articles to libraries and individuals. Through these ongoing efforts we educate and help shape the opinions of students, lawyers, legislators and everyday citizens.

The Fund must continue to meet the present and future challenges certain to rise that threaten our constitutional right to keep and bear arms. You can support the Fund's work through direct donations or estate planning.

Please take the time to share this 2022 annual report with your friends and family. Ask them to step forward to make a commitment to secure their civil right to keep and bear arms across America. On behalf of the Board of Trustees, and the millions of law-abiding gun owners across America, thank you for your support of the NRA Civil Rights Defense Fund.

Sincerely,

A handwritten signature in black ink that reads "Jim Porter". The signature is written in a cursive, flowing style.

James W. Porter, II
Chairman

STATEMENTS OF PURPOSE

THE NRA CIVIL RIGHTS DEFENSE FUND was established by the NRA Board of Directors in 1978 to become involved in court cases establishing legal precedents in favor of gun owners.

To accomplish this, the Fund provides legal and financial assistance to selected individuals and organizations defending their right to keep and bear arms.

Additionally, the Fund sponsors legal research and education on a wide variety of gun-related issues, including the meaning of the Second Amendment and nature of the right to keep and bear arms provisions in state constitutions.

TAX-EXEMPT STATUS The Fund is a charitable/educational entity which has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Donations are tax-deductible for federal income tax purposes.

FINANCIAL INFORMATION The financial records of the Fund are audited annually by a Certified Public Accountant as required by the Bylaws of the Fund. Aprio LLP performed the audit for the year ended December 31, 2022.

WHICH CASES ARE ACCEPTED? The NRA Civil Rights Defense Fund supports litigation involving significant legal issues relating to the right to keep and bear arms.

AMONG THE FUND'S ACTIVITIES ARE:

- » **DEFENSE OF PERSONS** charged with criminal violations of federal, state, and local laws that prohibit the acquisition or possession of firearms by peaceful and honest Americans;
- » **CIVIL CHALLENGES** to federal, state, and local laws that prohibit a law-abiding citizen or class of citizens from possessing or using firearms;
- » **OPPOSITION** to unlawful forfeitures of firearms seized by federal, state or local authorities in violation of the Fourth, Fifth or Fourteenth Amendments;
- » **CIVIL ACTIONS** against federal, state, and local authorities who, while enforcing unfair gun laws, violate citizens' rights under the First, Second, Fourth, Fifth, Sixth, and Fourteenth Amendments;
- » **CHALLENGES** to administrative interpretations of federal, state and local laws that infringe the right to keep and bear arms guaranteed by the Common Law, the Constitution of the United States, or the constitutions of various states;
- » **CHALLENGES** to administrative actions denying or restricting a citizen's right to possess or carry firearms.

OFFICERS

James W. Porter II
Chairman & Trustee

Carol Frampton (Bambery)
Vice Chairman & Trustee

Sonya B. Rowling
Treasurer

Stefan Tahmassebi
Secretary

BOARD OF TRUSTEES

Curtis S. Jenkins

William H. Satterfield

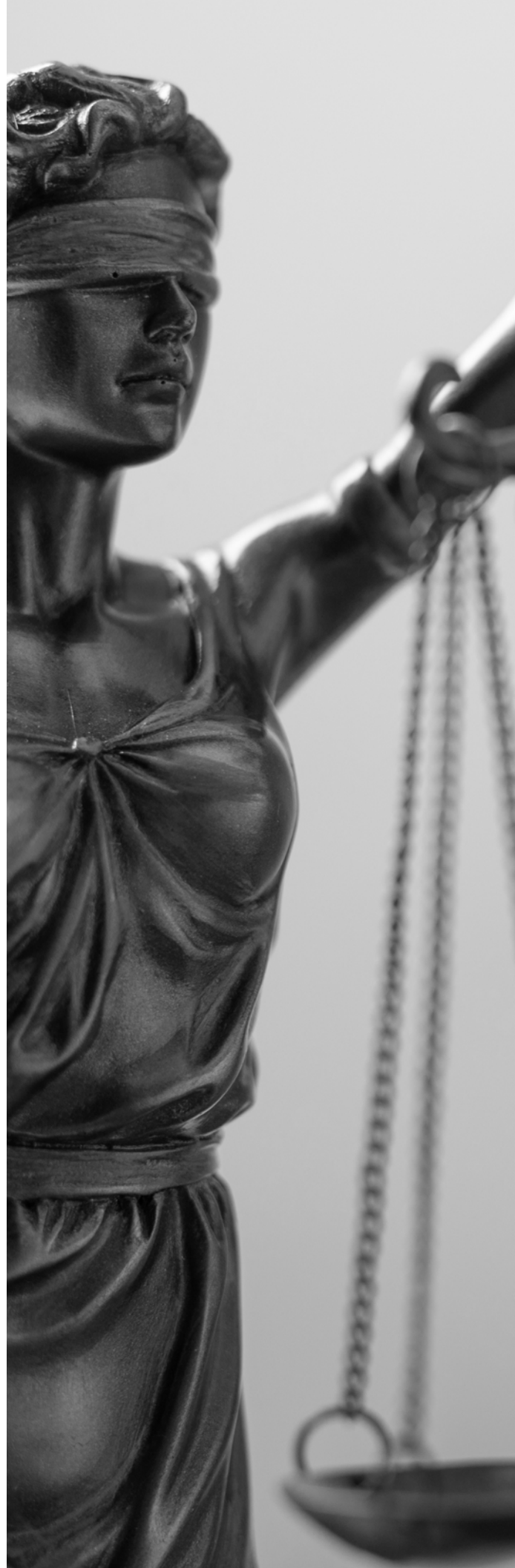
Charles L. Cotton

Robert E. Sanders

John Sigler

David A. Keene

Graham Hill



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
NRA Civil Rights Defense Fund
Fairfax, Virginia

OPINION

We have audited the accompanying financial statements of **NRA Civil Rights Defense Fund** (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2022 and 2021, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 2022 financial statements referred to above present fairly, in all material respects, the financial position of **NRA Civil Rights Defense Fund** as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

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

PRIOR PERIOD FINANCIAL STATEMENTS

The financial statements as of December 31, 2021 were audited by Aronson LLC, who merged with Aprio LLP as of January 1, 2023, and whose report dated April 13, 2022 expressed an unmodified opinion on those statements.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about

Independent Auditor's Report (Cont.)

NRA Civil Rights Defense Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

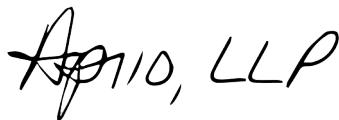
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Rockville, Maryland
March 27, 2023



EQUAL JUSTICE UNDER LAW

FINANCIAL STATEMENTS

NRA CIVIL RIGHTS DEFENSE FUND

STATEMENTS OF FINANCIAL POSITION

as of December 31, 2022 and 2021

	2022	2021
Assets		
Cash	\$ 1,574,044	\$ 1,148,915
Investments	7,602,674	8,521,789
Pledges and contributions receivable, net	920	21,328
Due from affiliates	2,276,578	2,811,462
Other assets	123,362	121,266
Split interest agreements	739,778	1,024,167
Total assets	\$ 12,317,356	\$ 13,648,927
Liabilities and net assets		
Accounts payable	\$ 24,700	\$ 11,910
Due to affiliates	180,717	50,156
Annuities payable	98,195	111,993
Total liabilities	303,612	174,059
Net assets		
Without donor-restrictions	5,657,050	5,903,359
With donor-restrictions	6,356,694	7,571,509
Total net assets	12,013,744	13,474,868
Total liabilities and net assets	\$ 12,317,356	\$ 13,648,927

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NRA CIVIL RIGHTS DEFENSE FUND

STATEMENT OF ACTIVITIES

for the year ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and others support:			
Contributions	\$ 678,536	\$ 3,579	\$ 682,115
Net investment income	124,189	159,005	283,194
Change in value of split interest agreements	—	(284,389)	(284,389)
Other Income	—	—	—
Net assets released from restrictions	227,057	(227,057)	—
Total revenue and other support	1,029,782	(348,862)	680,920
Expenses:			
Program	308,914	—	308,914
Administrative	47,005	—	47,005
Fundraising	8	—	8
Total expenses	355,927	—	355,927
Change in net assets before other changes	673,855	(348,862)	324,993
Unrealized loss on investments, net	(920,164)	(865,953)	(1,786,117)
Change in net assets	(246,309)	(1,214,815)	(1,461,124)
Net assets:			
Beginning of year	5,903,359	7,571,509	13,474,868
End of year	\$ 5,657,050	\$ 6,356,694	\$ 12,013,744

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NRA CIVIL RIGHTS DEFENSE FUND

STATEMENT OF ACTIVITIES

for the year ended December 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and others support:			
Contributions	\$ 912,533	\$ 614,961	\$ 1,527,494
Net investment income	323,493	194,331	517,824
Change in value of split interest agreements	—	74,554	74,554
Other Income	349	—	349
Net assets released from restrictions	227,738	(227,738)	—
Total revenue and other support	1,464,113	656,108	2,120,221
Expenses:			
Program	711,463	—	711,463
Administrative	52,166	—	52,166
Fundraising	4	—	4
Total expenses	763,633	—	763,633
Change in net assets before other changes	700,480	656,108	1,356,588
Unrealized gain on investments, net	187,357	567,636	754,993
Change in net assets	887,837	1,223,744	2,111,581
Net assets:			
Beginning of year	5,015,522	6,347,765	11,363,287
End of year	\$ 5,903,359	\$ 7,571,509	\$ 13,474,868

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NRA CIVIL RIGHTS DEFENSE FUND

STATEMENTS OF FUNCTIONAL EXPENSES

for the years ended December 31, 2022 and 2021

	2022			
	Program	Administrative	Fundraising	Total
Grants and assistance	\$ 308,914	\$ —	\$ —	\$ 308,914
Legal, audit and filing fees	—	26,786	—	26,786
Printing and publications	—	4,961	—	4,961
Information technology	—	—	8	8
Office supplies	—	3,921	—	3,921
Bank fees and services	—	226	—	226
Meetings	—	4,215	—	4,215
Other	—	6,896	—	6,896
	\$ 308,914	\$ 47,005	\$ 8	\$ 355,927

	2021			
	Program	Administrative	Fundraising	Total
Grants and assistance	\$ 711,463	\$ —	\$ —	\$ 711,463
Legal, audit and filing fees	—	39,701	—	39,701
Printing and publications	—	1,750	—	1,750
Information technology	—	—	4	4
Office supplies	—	1,549	—	1,549
Bank fees and services	—	2,153	—	2,153
Meetings	—	348	—	348
Other	—	6,665	—	6,665
	\$ 711,463	\$ 52,166	\$ 4	\$ 763,633

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NRA CIVIL RIGHTS DEFENSE FUND

STATEMENTS OF CASH FLOWS

for the years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (1,461,124)	\$ 2,111,581
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Net decrease (increase) in investment in endowment	190,722	(881,448)
Net unrealized loss (gain) on investments, other than investments at affiliate	1,372,263	(464,698)
Net realized gain on investments, other than investments at affiliate	(18,382)	(89,995)
Decrease (increase) in value of split interest agreements	284,389	(74,554)
Changes in operating assets and liabilities:		
Decrease in pledges and contributions receivable	20,408	32,834
Decrease (increase) in amounts due from affiliates	534,884	(217,154)
Increase in other assets	(2,096)	(646)
Increase (decrease) in accounts payable	12,790	(3,007)
Increase in due to affiliates	130,561	49,156
Net cash provided by operating activities	1,064,415	462,069
Cash flows from investing activities:		
Purchase of investments	(1,937,508)	(1,436,934)
Proceeds from sales of investments	1,502,742	318,491
Net cash used in investing activities	(434,766)	(1,118,443)
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investment in endowment	(190,722)	881,448
Payments of annuity obligations	(13,798)	(13,455)
Net cash (used in) provided by financing activities	(204,520)	867,993
Net increase in cash	425,129	211,619
Cash:		
Beginning of year	1,148,915	937,296
End of year	\$ 1,574,044	\$ 1,148,915

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

I. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NRA Civil Rights Defense Fund (the “Fund”) was organized on July 22, 1978, as a nonprofit organization to voluntarily assist in the preservation and defense of the human, civil, and/or constitutional rights of the individual to keep and bear arms in a free society. The Fund receives the majority of its operating funds from general contributions.

BASIS OF PRESENTATION

The financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CLASSIFICATION OF NET ASSETS

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

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

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

CONCENTRATION OF CREDIT RISK

The Fund maintains cash balances at two commercial banks, these balances can exceed the FDIC insured deposit limit of \$250,000 per financial institution. At December 31, 2022 and 2021, the Fund’s cash balances held at the commercial banks exceeded the FDIC limit by approximately \$1,163,843 and \$773,231, respectively. The Fund has not experienced any losses through the date when the financial statements were available to be issued.

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

INVESTMENTS

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

PLEDGES AND CONTRIBUTIONS RECEIVABLE

Unconditional pledges and contributions receivable consist of irrevocable and measurable bequest proceeds due to the Fund and donor promises to give in future periods, over a period of one to five years. An allowance for uncollectible pledges and contributions receivable is provided based upon management’s judgment of potential defaults.

SPLIT INTEREST AGREEMENTS

The Fund is the beneficiary under two charitable remainder unitrust agreements held by a third party. Under the terms of the agreements, the Fund has the irrevocable right to receive a portion of the remaining trust assets upon expiration of the 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. The receivable from the trusts has been recorded at the present value of estimated cash flows. The discount rate applied was 3.96% for the year ended December 31, 2022 and ranged from 1.44% to 1.52% for the year ended December 31, 2021, and incorporated future life expectancies of 3 and 7 for the year ended December 31, 2022 and 4 and 8 for the year ended December 31, 2021.

ANNUITIES PAYABLE

Donors have established and funded gift annuity contracts. Under terms of the contracts, the Fund 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 gift. The difference between the amount received for the contract and its actuarially computed liability is recorded as revenue. For both the years ended December 31, 2022 and December 31, 2021 the discount rate applied ranged from 1.4% to 3.2%.

OUTSTANDING LEGACIES

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

REVENUE RECOGNITION

Unconditional contributions, whether without donor restrictions or with donor restrictions, are recognized as revenue upon notification of the unconditional gift or pledge and classified in the appropriate net asset category. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions,

depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Pledges receivable are stated at the estimated net present value, net of an allowance for uncollectible amounts. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

TAX STATUS

The Fund is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes. In addition, the Fund is not classified as a private foundation.

The Fund 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 Fund 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. Tax years from 2019 through the current year remain open for examination by tax authorities, which is the standard statute of limitations look-back period. Currently, there are no examinations in process.

Management evaluated the Fund's tax positions and concluded that the Fund had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program services and supporting activities have been accounted for on a functional basis in the statements of activities. All costs are recorded directly, with no further allocations between program services and supporting activities.

SUBSEQUENT EVENTS

The Fund evaluated subsequent events through March 27, 2023, which is the date the financial statements were available to be issued.

2. AVAILABILITY AND LIQUIDITY

The Fund maintains a policy of structuring its financial assets to be available as its general operating expenses come due. This includes the appropriation of income from donor restricted endowments and contributions, in satisfaction of those restrictions.

The table below represents the Fund's financial assets available to meet general expenditures within one year as of December 31, 2022 and 2021:

Financial assets at year-end:	2022	2021
Cash and cash equivalents	\$ 1,574,044	\$ 1,148,915
Investments	7,602,674	8,521,789
Pledges and contributions receivable, net	920	21,328
Total financial assets	9,177,638	9,692,032
Less amounts not available to be used within one year:		
Net assets with donor restrictions	3,526,835	3,407,317
Financial assets not available to be used within one year	3,526,835	3,407,317
Financial assets available to meet general expenditures within one year	\$ 5,650,803	\$ 6,284,715

3. INVESTMENTS

Investments, at fair value, as of December 31, 2022 and 2021 consisted of the following:

	2022	2021
Money market	\$ 249,906	\$ 970,957
Equity securities	7,108,382	7,216,732
Fixed income securities	244,386	334,100
Total	\$ 7,602,674	\$ 8,521,789

Investment income is composed of the following:

	2022	2021
Interest/dividend income	\$ 297,170	\$ 411,049
Net realized (loss) gain on investments	(13,976)	106,775
Net unrealized (loss) gain on investments	(1,786,117)	754,993
Total	\$ (1,502,923)	\$ 1,272,817

4. PLEDGES AND CONTRIBUTIONS RECEIVABLE

At December 31, 2022 and 2021, donors to the Fund have unconditionally promised to give amounts as follows:

	2022	2021
Within one year	\$ 3,920	\$ 23,578
One to five years	—	—
	3,920	23,578
Less: allowance on pledges receivable	3,000	2,250
Total	\$ 920	\$ 21,328

Proceeds bequeathed and due to the Fund in the amount of \$0 were included in contributions receivable at both December 31, 2022 and 2021.

5. COMMITMENTS

Awards to reimburse legal costs in association with the Fund's mission are committed upon action of the Board, and subsequently become a program expense and a liability once legal work has been performed. At December 31, 2022 and 2021, \$217,664 and \$180,138 have been committed, respectively. Legal costs incurred on Board approved actions, and included in accounts payable and due to affiliates at December 31, 2022 and 2021 were \$193,628 and \$49,785, respectively.

6. FAIR VALUE MEASUREMENTS

The Fund follows the Codification topic, *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. The type of investments included in Level 1 include listed equities and listed derivatives.

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 Fund'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 Fund performs a detailed analysis of the assets and liabilities that are subject to topic *Fair Value Measurement*. 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 Fund's short-term financial instruments, including receivables and payables arising in the ordinary course of operations, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.



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

	As of December 31, 2022			
	Total	Level 1	Level 2	Level 3
Equity securities:				
Consumer discretionary	\$ 527,930	\$ 527,930	\$ —	\$ —
Consumer staples	428,998	428,998	—	—
Energy	394,405	394,405	—	—
Real estate	175,375	175,375	—	—
Financial services	936,062	936,062	—	—
Healthcare	591,848	591,848	—	—
Industrials	523,807	523,807	—	—
Information technology	711,612	711,612	—	—
Materials	293,950	293,950	—	—
Telecommunication services	360,608	360,608	—	—
Utilities	171,305	171,305	—	—
Multi-strategy mutual funds	1,992,482	1,992,482	—	—
Total equity securities:	7,108,382	7,108,382	—	—
Fixed income securities:				
Multi-strategy bond funds	244,386	244,386	—	—
Total available-for-sale fixed income securities	244,386	244,386	—	—
Money market	249,906	249,906	—	—
Split interest agreements	739,778	—	—	739,778
Total	\$ 8,342,452	\$ 7,602,674	\$ —	\$ 739,778

	As of December 31, 2021			
	Total	Level 1	Level 2	Level 3
Equity securities:				
Consumer discretionary	\$ 40,605	\$ 40,605	\$ —	\$ —
Consumer staples	22,151	22,151	—	—
Energy	26,333	26,333	—	—
Real estate	101,738	101,738	—	—
Financial services	30,495	30,495	—	—
Healthcare	28,070	28,070	—	—
Industrials	49,067	49,067	—	—
Information technology	82,773	82,773	—	—
Materials	18,329	18,329	—	—
Telecommunication services	28,052	28,052	—	—
Multi-strategy mutual funds	6,789,119	6,789,119	—	—
Total equity securities:	7,216,732	7,216,732	—	—
Fixed income securities:				
Multi-strategy bond funds	334,100	334,100	—	—
Total available-for-sale fixed income securities	334,100	334,100	—	—
Money market	970,957	970,957	—	—
Split interest agreements	1,024,167	—	—	1,024,167
Total	\$ 9,545,956	\$ 8,521,789	\$ —	\$ 1,024,167

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 Fund's interest in the trusts. Further, the Fund'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 Fund does not control those investments.

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

	2022	2021
Purchases	—	—
Issues	—	—
Transfers In (Out)	—	—
Settlements	—	—
Change in value of split interest agreements	\$ (284,389)	\$ 74,554

7. NET ASSETS WITH DONOR RESTRICTIONS AND ENDOWMENT FUNDS

Net assets with donor-restrictions are restricted as follows:

	2022	2021
Perpetual in nature	\$ 4,756,531	\$ 5,191,725
Program awards	1,086,636	1,393,963
Endowment earnings – general operations	316,744	696,917
Other, including passage of time	196,783	288,904
Total	\$ 6,356,694	\$ 7,571,509

The Fund follows the Codification subtopic *Reporting endowment funds*. The Codification addresses accounting issues related to guidelines in the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the National Conferences of Commissioners on Uniform State Laws in July 2006 and enacted in the Commonwealth of Virginia on July 1, 2008. The Management of the Fund 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 Fund classifies as net assets with donor-restrictions (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 Fund for the Board designated purpose. In accordance with UPMIFA, the Fund considers the following factors in making a determination to appropriate or accumulate donor-restricted and/or Board designated endowment funds:

- The duration and preservation of the endowment fund
- The purposes of the Fund, donor-restricted endowment and/or Board designated 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 Fund
- The investment policies of the Fund

The Fund 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 the endowment while seeking to maintain purchasing power of the endowment assets. The investment policy of the Fund 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 from endowments with donor-restrictions 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). The amount appropriated for endowments without donor-restrictions is made in accordance with donor stipulations and Board designations, respectively. The earnings on donor-restricted endowments are reflected as net assets with donor-restrictions until appropriated for expenditure in the form of program spending, generally for the purpose of awarding exemplary activities in support of the Right to Keep and Bear Arms.

The changes in endowment net assets for the years ended December 31, 2022 and 2021 are as follows:

	Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,698,152	\$ 7,172,133	\$ 8,870,285
Interest and dividends, net	42,358	180,388	222,746
Net depreciation	(329,411)	(1,028,999)	(1,358,410)
Designations and contributions	124,840	3,579	128,419
Amount appropriated for expenditure	—	(182,860)	(182,860)
Endowment net assets, end of year	\$ 1,535,939	\$ 6,144,241	\$ 7,680,180

	Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,320,585	\$ 5,914,582	\$ 7,235,167
Interest and dividends, net	74,534	170,739	245,273
Net appreciation	96,624	637,603	732,227
Designations and contributions	206,409	675,174	881,583
Amount appropriated for expenditure	—	(225,965)	(225,965)
Endowment net assets, end of year	\$ 1,698,152	\$ 7,172,133	\$ 8,870,285

The related assets are included in investments, amounts due from affiliates, and split interest agreements.

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA as of December 31, 2022 and 2021 is \$4,756,531 and \$5,191,725, respectively. Perpetually restricted endowments and related time restricted investment gains were included in net assets with donor restrictions as follows:

	2022	2021
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 4,756,531	\$ 5,191,725
Time restricted accumulated investment gains	1,387,710	1,980,408
Total donor-restricted perpetual endowment funds	\$ 6,144,241	\$ 7,172,133

8. RELATED PARTIES

The Fund is affiliated with the National Rifle Association of America (“NRA”) by virtue of the control vested in the Board of Directors of the NRA to appoint the members of the Board of Trustees of the Fund. The Fund has received certain benefits from this affiliation at no cost, among which are the use of office space and administrative services. Management has determined that the fair value of these benefits is minimal, and accordingly, no amounts are reflected in these financial statements.

The Fund reimburses the NRA for general operating expenses, paid by the NRA on the Fund’s behalf. These expenses totaled \$16,723 and \$3,306 for the years ended December 31, 2022 and 2021, respectively.

The Fund made awards to NRA to reimburse qualified legal costs in association with Fund's mission totaling \$176,628 and \$407,072 for the years ended December 31, 2022 and 2021, of which \$176,628 and \$49,785 are included in due from affiliates as of December 31, 2022 and 2021, respectively.

The NRA Foundation, Inc., an affiliated entity, maintains certain endowments and gift annuities benefiting the Fund. The Fund returned \$38,000 and \$54,963 in unused grant funding for the years ended December 31, 2022 and 2021, respectively.

The following amounts were due from (to) affiliates at December 31:

	2022	2021
NRA Foundation, endowment	\$ 2,039,532	\$ 2,505,414
NRA Foundation, gift annuities	229,449	295,814
NRA Foundation, grants	—	5,000
NRA Foundation, other	7,597	5,234
Total due from NRA Foundation	\$ 2,276,578	\$ 2,811,462
NRA, awards	\$ (176,628)	\$ (49,785)
NRA, other	(4,089)	(371)
Total due to NRA	\$ (180,717)	\$ (50,156)




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