NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

as of December 31, 2020 and 2019

AND

REPORT THEREON

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES

TABLE OF CONTENTS

aronson LLC
ASSURANCE | TAX | CONSULTING

111 Rockville Pike
Suite 600
Rockville, Maryland 20850

301.231.6200
301.231.7630
www.aronsonllc.com
info@aronsonllc.com

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of **The National Rifle Association of America and Affiliates** (a nonprofit organization), which comprise the Consolidated Statements of Financial Position as of December 31, 2020 and 2019, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **The National Rifle Association of America and Affiliates** as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the consolidated financial statements, the National Rifle Association of America (NRA) is a defendant in a lawsuit filed by New York State which seeks to dissolve the NRA's corporate existence and redistribute its assets. The lawsuit also purports to sue, directly and derivatively, two current and two former officers of the NRA. Our opinion is not modified with respect to this matter.

Aronson LLC

Rockville, Maryland
September 16, 2021

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as of December 31, 2020 and 2019

ASSETS

	2020	2019
Cash and cash equivalents	$ 47,041,959	$ 36,156,044
Restricted cash	14,033,576	11,973,876
Investments	169,185,459	152,251,239
Pledges receivable, net	2,196,097	2,449,015
Members' dues receivable, net	16,403,368	25,408,701
Accounts receivable, net	15,420,655	10,127,204
Inventories and supplies, net	18,488,059	21,672,905
Prepaid expenses	2,713,388	2,909,814
Property and equipment, net	37,237,586	40,649,525
Other assets	38,638,412	38,419,338
Total assets	$ 361,358,559	$ 342,017,661

LIABILITIES AND NET ASSETS

	2020	2019
Accounts payable	$ 30,358,886	$ 30,496,711
Accrued liabilities	63,048,728	56,321,110
Notes payable and lines of credit	33,471,435	52,320,718
Annuities payable	2,743,343	2,975,980
Deferred revenue	38,683,744	47,351,449
Total liabilities	168,306,136	189,465,968
Net assets (deficit):		
Without donor restrictions		
Net assets without donor restrictions	67,858,652	10,146,588
Cumulative pension liability	(36,532,477)	(26,535,199)
Total net assets (deficit) without donor restrictions	31,326,175	(16,388,611)
With donor restrictions	161,726,248	168,940,304
Total net assets	193,052,423	152,551,693
Total liabilities and net assets	$ 361,358,559	$ 342,017,661

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

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
for the years ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:						
Members' dues	$ 119,746,915	$ -	$ 119,746,915	$ 112,969,564	$ -	$ 112,969,564
Contributions	124,330,156	17,754,448	142,084,604	110,589,501	38,760,740	149,350,241
Program fees	41,667,657	-	41,667,657	54,880,593	-	54,880,593
Investment gains, net	8,046,237	9,023,550	17,069,787	9,974,307	14,013,421	23,987,728
Royalties and other	17,783,292	-	17,783,292	17,523,741	-	17,523,741
Unrealized gain on derivative instrument	-	-	-	122,132	-	122,132
Net periodic pension income other than service costs	1,008,289	-	1,008,289	-	-	-
Assets released from restrictions	33,992,054	(33,992,054)	-	37,226,881	(37,226,881)	-
Total revenue and other support	346,574,600	(7,214,056)	339,360,544	343,286,719	15,547,280	358,833,999
Expenses:						
Legislative programs	50,231,885	-	50,231,885	37,086,722	-	37,086,722
Public affairs	812,502	-	812,502	18,157,338	-	18,157,338
Publications	29,105,593	-	29,105,593	33,987,454	-	33,987,454
Safety, education & training	16,464,626	-	16,464,626	28,439,529	-	28,439,529
Grant programs	15,245,420	-	15,245,420	21,924,834	-	21,924,834
Shows and exhibits	9,388,456	-	9,388,456	15,147,490	-	15,147,490
Member services and acquisition	62,677,371	-	62,677,371	62,094,073	-	62,094,073
Administrative	69,106,369	-	69,106,369	68,319,281	-	68,319,281
Fundraising	35,816,791	-	35,816,791	60,767,326	-	60,767,326
Net periodic pension cost other than service costs	-	-	-	684,565	-	684,565
Other net pension plan loss	10,010,801	-	10,010,801	6,446,928	-	6,446,928
Total expenses	298,859,814	-	298,859,814	353,055,540	-	353,055,540
Change in net assets	47,714,786	(7,214,056)	40,500,730	(9,768,821)	15,547,280	5,778,459
Net assets (deficit), beginning of year	(16,388,611)	168,940,304	152,551,693	(8,659,860)	153,393,024	144,733,164
Cumulative adjustments due to adoption of ASC 606 (Note 1)	-	-	-	2,040,070	-	2,040,070
Net assets (deficit), end of year	$ 31,326,175	$ 161,726,248	$ 193,052,423	$ (16,388,611)	$ 168,940,304	$ 152,551,693

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

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
for the years ended December 31, 2020 and 2019

2020

	Legislative Programs	Public Affairs	Publications	Safety, Education & Training	Grant Programs	Shows and Exhibits	Member Svc & Acq.	Administrative	Fundraising	Total
Salaries, benefits and taxes	$ 8,720,035	$ -	$ 7,167,856	$ 5,351,393	$ 1,546,799	$ 1,140,554	$ 3,006,355	$ 13,029,005	$ 6,833,874	$ 46,795,871
Office supplies	1,564,715	-	124,972	432,168	435,485	1,209,231	166,239	461,633	622,874	5,017,317
Travel & entertainment	242,474	-	207,125	292,966	221	108,284	49,344	224,702	264,949	1,390,065
Fulfillment material	-	-	-	302,662	-	-	6,158,783	-	2,421,117	8,882,562
Occupancy	700,851	-	389,531	1,966,204	34,200	63,991	442,349	1,261,154	1,419,827	6,277,107
Data processing	674,166	-	456,737	1,605,371	-	62,904	788,351	2,271,381	551,782	6,410,692
Printing and publications	-	-	19,916,596	-	4,087	-	-	40,179	91,683	20,052,545
Member communications	-	-	-	-	-	-	49,323,807	-	15,263,092	64,586,899
Advertising	-	-	-	-	-	-	-	-	5,938,667	5,938,667
Committee & annual mtgs	-	-	-	-	-	-	-	1,851,782	-	1,851,782
Legal, audit and taxes	2,147,556	-	-	213,139	-	-	-	42,529,284	1,209,143	46,099,122
Professional services and other	35,672,005	609,042	512,705	2,409,634	13,209,104	4,420,660	2,097,253	6,416,237	3,713,093	69,059,733
Depreciation & amortization	343,400	203,460	237,429	1,698,566	15,524	45,897	539,686	719,735	349,455	4,153,152
Cost of merchandise sold	-	-	-	1,694,552	-	2,321,716	-	-	18,400,007	20,416,275
Interest expense	166,683	-	92,642	498,971	-	15,219	105,204	301,277	125,896	1,305,892
Friends of NRA direct benefits expense	-	-	-	-	-	-	-	-	(19,388,668)	(19,388,668)
	$ 50,231,885	$ 812,502	$ 29,105,593	$ 16,464,626	$ 15,245,420	$ 9,388,456	$ 62,677,371	$ 69,106,369	$ 35,816,791	$ 288,849,013
Net periodic pension income other than service costs	(245,065)	-	(147,265)	(174,040)	-	(36,323)	(74,645)	(256,800)	(74,151)	(1,008,289)
	$ 49,986,820	$ 812,502	$ 28,958,328	$ 16,290,586	$ 15,245,420	$ 9,352,133	$ 62,602,726	$ 68,849,569	$ 35,742,640	$ 287,840,724

2019

	Legislative Programs	Public Affairs	Publications	Safety, Education & Training	Grant Programs	Shows and Exhibits	Member Svc & Acq.	Administrative	Fundraising	Total
Salaries, benefits and taxes	$ 13,410,371	$ -	$ 8,058,579	$ 10,900,136	$ 2,674,611	$ 1,987,651	$ 4,084,706	$ 15,477,138	$ 11,397,786	$ 67,990,978
Office supplies	1,089,351	-	143,876	1,629,839	725,743	1,625,092	153,469	389,744	1,428,401	7,185,515
Travel & entertainment	1,577,979	-	563,793	2,532,918	(6,850)	452,252	176,190	763,784	1,179,758	7,239,824
Fulfillment material	-	-	-	469,628	-	-	5,862,012	-	1,943,369	8,275,009
Occupancy	720,570	-	400,491	2,091,293	34,200	65,791	454,794	1,293,600	2,495,137	7,555,876
Data processing	725,663	-	421,055	2,372,958	-	332,300	566,613	2,173,438	508,395	7,100,422
Printing and publications	-	854	23,378,940	-	4,854	-	-	72,224	332,044	23,788,916
Member communications	-	-	-	-	-	-	46,499,612	-	31,425,680	77,925,292
Advertising	-	-	-	-	-	-	-	-	7,960,903	7,960,903
Committee & annual mtgs	-	-	-	-	-	-	-	2,579,533	-	2,579,533
Legal, audit and taxes	10,033,895	-	-	168,087	10,000	-	-	33,492,645	2,148,603	45,853,230
Professional services and other	8,965,040	17,923,594	652,021	4,993,426	18,466,053	7,999,691	3,522,833	10,631,022	5,014,132	78,167,812
Depreciation & amortization	337,397	232,890	242,836	1,793,752	16,223	61,104	630,914	1,059,447	394,452	4,769,015
Cost of merchandise sold	-	-	-	1,244,443	-	2,602,933	-	-	35,090,543	38,937,919
Interest expense	226,456	-	125,863	243,049	-	20,676	142,930	386,706	148,066	1,293,746
Friends of NRA direct benefits expense	-	-	-	-	-	-	-	-	(40,699,943)	(40,699,943)
	$ 37,086,722	$ 18,157,338	$ 33,987,454	$ 28,439,529	$ 21,924,834	$ 15,147,490	$ 62,094,073	$ 68,319,281	$ 60,767,326	$ 345,924,047
Net periodic pension cost other than service costs	166,384	-	99,983	118,162	-	24,661	50,679	174,352	50,344	684,565
	$ 37,253,106	$ 18,157,338	$ 34,087,437	$ 28,557,691	$ 21,924,834	$ 15,172,151	$ 62,144,752	$ 68,493,633	$ 60,817,670	$ 346,608,612

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

NATIONAL RIFLE ASSOCIATION OF AMERICA AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 40,500,730	$ 5,778,459
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,153,152	4,769,015
Provision for losses (gains) on pledges receivable	301,000	(148,624)
Provision for losses on member dues receivable	1,800,000	1,800,000
Provision for losses on accounts receivable	97,518	66,712
Provision for losses on inventory	59,469	56,169
Provision for (gains) losses on property and equipment	(152,000)	1,000
Provision for losses on other assets	1,000	12,200
Net loss on pension obligation	10,010,801	6,446,928
Donated assets, museum collections	(61,632)	(5,367,175)
Donated assets, unrestricted securities	(138,168)	(110,360)
Loss on disposal of property and equipment	387,622	16,575
Contributions restricted for long-term investment	(3,513,281)	(959,341)
Contributions restricted for debt management	(2,918,650)	-
Net unrealized and realized gain on investments	(13,399,724)	(21,168,358)
Unrealized gain on derivative instrument	-	(122,132)
Increase (decrease) in discounts on pledges receivable	23,168	(25,798)
Increase in value of split interest agreements	(299,388)	(288,722)
Changes in assets and liabilities:		
(Increase) decrease in pledges receivable, net	(71,250)	1,435,822
Decrease in member dues receivable, net	7,205,333	8,628,709
(Increase) decrease in accounts receivable, net	(5,390,969)	4,834,263
Decrease (increase) in inventories and supplies, net	3,125,377	(1,090,880)
Decrease in prepaid expenses	196,426	275,409
(Increase) decrease in other assets	(158,442)	256,333
Decrease in accounts payable	(137,825)	(3,050,826)
Decrease in accrued liabilities	(3,283,183)	(5,596,847)
(Decrease) increase in deferred revenue	(8,667,705)	629,748
Total adjustments	(10,831,351)	(8,700,180)
Net cash provided by (used in) operating activities	29,669,379	(2,921,721)
Cash flows from investing activities:		
Sales of investments	46,429,180	45,522,128
Purchases of investments	(47,235,282)	(43,470,931)
Purchases of property and equipment	(976,835)	(1,870,192)
Proceeds from sale of land	-	3,500
Net cash (used in) provided by investing activities	(1,782,937)	184,505
Cash flows from financing activities:		
Principal payments on notes payable	(389,250)	(598,831)
Principal payments on lines of credit	(153,584,893)	(131,426,260)
Payments on annuity obligations	(305,276)	(289,642)
Draw downs on lines of credit	135,124,860	141,207,397
Proceeds from life insurance policy loans	-	5,139,246
Principal payments on life insurance policy loans	(2,290,838)	(4,752,000)
Contributions restricted for long-term investment	3,513,281	959,341
Contributions restricted for debt management	2,918,650	-
Investments subject to annuity agreements	72,639	148,117
Net cash (used in) provided by financing activities	(14,940,827)	10,387,368
Net increase in cash and cash equivalents and restricted cash	12,945,615	7,650,152
Cash and cash equivalents and restricted cash at beginning of year	48,129,920	40,479,768
Cash and cash equivalents and restricted cash at end of year	$ 61,075,535	$ 48,129,920
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 1,210,974	$ 1,662,944
Vehicles obtained through capital leases	$ 1,536,705	$ 453,265
Cash paid for taxes	$ 1,509,616	$ 1,620,266

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

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

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

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

The National Rifle Association of America, founded in 1871, is a not-for-profit corporation supported by the membership fees of public-minded citizens and clubs. Its primary purpose is to protect and defend the Constitution of the United States of America, especially the political, civil and inalienable rights of the American people to keep and bear arms as a common law and Constitutional right of the individual citizen.

On November 24, 2020, Sea Girt, LLC was formed to facilitate the NRA's efforts to reorganize in Texas.

Basis of Presentation

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

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and other support and expenses during the reporting period. Actual results could differ from those estimates.

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

Classification of Net Assets

To identify the observance of limitations and restrictions placed on the use of the resources available to the NRA, the accounts of the NRA are maintained in two separate classes of net assets.

Net assets without donor restrictions represent resources that are not restricted, by donor-imposed stipulations. They are available for support of the NRA's general operations. Certain net assets have been designated by the Board of Trustees of SCF for specific purposes. For SCF, at December 31, 2020 and 2019, these are $4,143,174 and $2,668,395, respectively.

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

Cash and Cash Equivalents

Highly liquid investments, consisting principally of money market funds, under the control of the NRA's investment managers, are considered investments. However, the NRA considers any other investments with an original maturity of three months or less at the date of purchase to be cash equivalents. The NRA generally invests these excess funds in repurchase agreements for U.S. government securities. The maturity date of these repurchase agreements is the next day of business. Due to the short-term nature of these agreements, the NRA does not take possession of the securities, which are instead held by the NRA's principal bank from which it purchases the securities. The carrying value of the investments approximates fair value because of the short maturity of the securities. The NRA believes that it is not exposed to any significant risk on its investments in repurchase agreements. Substantially all the cash and cash equivalents were held at two financial institutions in Virginia at December 31, 2020 and 2019.

	2020	2019
Cash and cash equivalents	$ 47,041,959	$ 36,156,044
Restricted cash	14,033,576	11,973,876
Total cash and cash equivalents and restricted cash	$ 61,075,535	$ 48,129,920

On the consolidated statements of cash flows the total cash and cash equivalents and restricted cash was $61,075,535 and $48,129,920 at December 31, 2020 and 2019, respectively.

Concentrations of Credit Risk

The NRA maintains cash balances in excess of federally insured limits in interest bearing accounts. The NRA's policy is to deposit funds only in financially sound institutions. Nevertheless, these deposits are subject to some degree of credit risk. Investments are maintained in financial institutions.

Concentrations of credit risk with respect to accounts receivable that are not collateralized are limited due to the large number of members comprising the NRA's membership base and their dispersion across many different geographies.

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

Investments

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

Alternative and other investments are valued at fair value based on the applicable net asset value per share as of the measurement date, which is a practical expedient, as determined by the NRA. In determining fair value, the NRA utilizes valuations provided by the fund managers. The underlying investments value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investments, which may include private placements and other securities for which prices are not readily available, are determined by the general partner of the investment and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized.

Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the NRA's alternative investments generally represents the amount the NRA would expect to receive if it were to liquidate its investment excluding any redemption charges that may apply.

Pledges Receivable, Net

Pledges which are considered unconditional promises to give that are expected to be collected in the future are recorded at net realizable value which is the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. In subsequent periods, the discount rate is unchanged and the valuation adjustment is reassessed and adjusted if necessary.

Members' Dues Receivable, Net

Members' Dues receivable represent those members who elect billing plans upon joining the NRA. These dues receivable are recorded at the fair value of the total amount owed and discounted at current rates in order to determine the present value of the receivable.

Accounts Receivable, Net

Advertising and other accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the NRA's best estimate of the amount of probable credit losses in existing accounts receivable. The NRA determines allowances based on historical write-off experience and specific identification. The allowances for doubtful accounts are reviewed monthly and accounts receivable balances are written off against the allowance when the NRA feels probable the receivable will not be recovered.

Inventories and Supplies

Inventories and supplies are stated at the lower of cost or net realizable value, with costs determined using the first-in, first-out method. Provisions are made to reduce the inventories to net realizable value in cases of obsolescence.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Donated assets are recorded at the appraised or estimated fair value at the time of donation. Expenditures for maintenance and repairs, which do not prolong the useful lives of the assets, are expensed. Depreciation is computed on the straight-line method over the assets' estimated useful lives. Buildings and improvements are depreciated over useful lives ranging from ten to fifty years, other property and equipment is depreciated over two to ten years. The NRA capitalizes complete desktop and laptop computers greater than $500 and the majority of all other fixed assets greater than $1,500.

Museum Collections

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

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

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

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

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

Annuities Payable

Donors have established and funded gift annuity contracts. Under terms of the contracts, the NRA has the irrevocable right to receive the remaining contract assets upon termination of the contract. Amounts payable under annuity contracts are recorded as a liability based on the actuarially computed value at the time of the gift. The difference between the amount received for the contract and its actuarially computed liability is recorded as revenue. The discount rate applied ranged from 0.6% to 3.6% for the year ended December 31, 2020 and 1.2% to 3.6% for the year ended December 31, 2019.

Revenue Recognition

Effective January 1, 2019 the NRA adopted the requirements of Accounting Standards Update (ASU) 2014-09 and the related amendments, *Revenue from Contracts with Customers (ASC 606 or Topic 606)*, which superseded all prior revenue recognition methods and industry-specific guidance. The NRA adopted ASC 606 using the modified retrospective method.

The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The NRA recorded an increase to net assets without donor restrictions of $2.0M as of January 1, 2019 due to the cumulative impact of adopting ASC 606, primarily related to the effect on revenue associated with insurance administration fees.

The impact of adoption of ASC 606 on the NRA's statement of activities was as follows:

	Year Ended December 31, 2019		
	As reported	Balances without adoption of Topic 606	Effect of change
Impact on the Statement of Activities:			
Royalties and other	$ 10,142,300	$ 12,182,370	$ 2,040,070

Members' Dues

The NRA members' dues have elements of both an exchange transaction and a contribution. The magazine subscription is deemed the portion of the transaction that is an exchange transaction. The defense of the Constitutional right to keep and bear arms for citizens whether members or not, which represents the remainder of the dues, is treated as the contribution portion of the transaction. Members' dues are non-refundable.

The NRA estimates the value of the magazine subscription and recognizes revenue over the term of the membership. The remaining portion of the dues is recognized as a contribution. Contributions that are collected at the time the member joins are recognized immediately. Contributions that are expected to be collected in the future are recorded at net realizable value which is the present value of their estimated future cash flows.

Member's Dues revenue for the years ending December 31, 2020 and 2019, consisted of the following:

	2020	2019
Recognized at a point in time	$ 112,899,160	$ 105,989,009
Recognized over time	6,847,755	6,980,555
Total Members' Dues	$ 119,746,915	$ 112,969,564

Program Fees

Program fees consist of revenues associated with competition entry fees, school, conference and workshop registration fees, training fees, association and alliance fees and sponsorships. The NRA hosts various competitions throughout the year which include event location, referees, and support staff which are considered one performance obligation. Entry fees are collected in advance of the event and recorded as deferred revenue on the statement of financial position. The

NRA has the primary duty and responsibility to fulfill the obligation of the event and therefore considered principal to the transaction. Revenue is recognized at the point in time when the event takes place.

The NRA hosts various schools, conference and workshops throughout the year which include instructors and materials which are considered one performance obligation. Registration fees are collected in advance of the event and recorded as deferred revenue on the statement of financial position. The NRA has the primary duty and responsibility to fulfill the obligation of the event and therefore considered principal to the transaction. Revenue is recognized at the point in time when the event takes place.

The NRA offers clubs and ranges the opportunity to join an alliance of other clubs and ranges in order to gain access to recruiting, club awards, educational resources, range grants and discounts for various business expenses (such as credit card fees). The NRA sees this opportunity as one performance obligation. The fees collected are for multiple year affiliations and therefore recorded as deferred revenue on the statement of financial position. Revenue is recognized over the time period of the affiliation.

The NRA receives sponsorships for various events throughout the year which generally include various obligations of the NRA to include recognition of the sponsor at the event and on any fliers or event programs or banners and a table, if applicable. Sponsorships are collected in advance of the event and recorded deferred revenue on the statement of financial position. The NRA has the primary duty to hold the event to fulfill the obligation and therefore is considered a principal to the transaction. Revenue is recognized at the point in time when the event takes place.

The NRA sells advertising space in its magazines. The performance obligation of the NRA is to publish the magazine with the agreed upon ad in the proper space which is seen as one performance obligation. Advertising fees are billed at the time of the production of the publication and recorded as a receivable on the statement of financial position and recognized as revenue at the point in time when the receivable is created.

The NRA sells various merchandise at events and through on-line sales. Fees are collected at the time of purchase or at the point in time when an item is shipped. The NRA elects to exclude from the measurement of the transaction price all taxes assessed by a government authority. The NRA has the primary duty and responsibility to fulfill the obligation of providing the merchandise and therefore considered principal to the transaction. Revenue is recognized at the point in time for when the transaction takes place. NRA has elected to treat shipping as a fulfillment cost.

The NRA hosts various shows and exhibits for which fees are collected for exhibit booth rentals, banquets, and sponsorships related to each show. For exhibit booth space rental, the NRA is obligated to hold the event, provide the amount of space and location agreed upon which are considered one performance obligation. For banquet sales, the NRA generally provides a meal and/or entertainment which are considered one obligation. Sponsorships for these events generally include recognition of the sponsor at the event and on any fliers or event programs or banners and a table, if applicable which are considered one performance obligation. The NRA has the primary duty and responsibility to fulfill the obligation of the event and therefore considered principal to the transaction. The fees are collected in advance of these events and recorded as deferred revenue on the statement of financial position. Revenue is recognized at the point in time when the events take place.

<u>Other</u>

The NRA has various other income for which fees are collected and the NRA has an obligation for a specific activity. The NRA has the primary duty and responsibility to fulfill the obligation and therefore considered principal to the transaction. Revenue associated with these other payments is recognized at the point in time when the activity takes place.

Contract costs

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

Contract balances

Contract assets include accounts receivable for services or goods provided for which consideration has not yet been received. Contract liabilities include deferred revenue associated with prepayments for services or goods which have not yet been provided to customers.

Contributions

Unconditional contributions, whether without donor restrictions or with donor restrictions, are recognized as revenue when received and classified in the appropriate net asset category. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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

Derivative Financial Instruments

Interest rate swaps are entered into to manage interest rate risks associated with the NRA's borrowing. Interest rate swaps are accounted for in accordance with the Financial Accounting Standards Board Accounting Standard Codification (the Codification) topic, *Derivatives and Hedging,* under which the NRA is not allowed to use cash flow hedging. Therefore, the interest rate swap is recorded in the statements of financial position at fair value with fair value changes recorded as an unrealized gain on derivative instrument on the statements of activities and statements of cash flows (Note 10).

Valuation of Long-Lived Assets

Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less cost to sell. The NRA had no impairments of long-lived assets during 2020 or 2019.

Split-Interest Agreements

The NRA is the beneficiary under several split interest agreements in the form of charitable lead trust and charitable remainder unitrust agreements. Under terms of the agreements, the NRA has the irrevocable right to receive the annual payments during the life of the lead trust and/or remaining trust assets upon termination of the remainder trusts. Split interest agreements are recorded as an asset based on the actuarially computed fair value and adjusted as of the end of each year. The difference between the amount received for the agreement and its actuarially computed value at each year end is recorded as changes in present value of split interest agreement. Split interest agreements due in more than one year have been recorded at the present value of estimated cash flows. The discount rate applied ranged from 0.65% to 1.45% for the year ended December 31, 2020 and 1.92% to 2.25% for the year ended December 31, 2019, and incorporated future life expectancies ranging from 5 to 17 years for the year ended December 31, 2020 and 10 to 18 years for the year ended December 31, 2019.

Advertising Expenses

The NRA uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. During 2020 and 2019, advertising expense was $5,938,667 and $7,960,903, respectively.

Functional Allocation of Expenses

The costs of providing program services and supporting activities have been accounted for on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities. Such allocations are determined by management on an equitable basis. Occupancy and interest expenses are allocated based on square footage. Certain depreciation is directly charged to applicable areas and certain depreciation is allocated based on square footage or number of employees. Data processing and certain executive salaries and benefits are allocated based on time and effort.

Adopted Accounting Pronouncement

In March 2019, the FASB issued Accounting Standards Update (ASU) 2019-03, Not-for-Profit Entities (Topic 958): Updating the Definition of Collections, which modifies the definition of the term "collections" to be in line with that of the American Alliance of Museums. The ASU requires collection-holding entities to disclose the entity's policy for the use of proceeds from when collection items are removed from a collection (deaccessioned), including whether those proceeds could be used for acquisitions of new collection items, the direct care of existing collections, or both. The ASU also requires a collection-holding entity to disclose its definition of direct care, if it has a policy that allows proceeds from items removed from a collection to be used for direct care. The amendments in ASU 2019-03 are effective for all entities with fiscal years beginning after December 15, 2019. The ASU was adopted by the NRA in 2020 and resulted in improved collections accounting policy disclosures.

During 2020, the NRA adopted Accounting Standards Update (ASU) No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement (ASU 2018-13). The objective of ASU No. 2018-13 is to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of the information required by generally accepted accounting principles that is most important to users of each entity's financial statements. The result of adoption of the ASU was elimination of the fair value rollforward for reoccurring Level 3 fair value measurements which was replaced with disclosure of transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities. ASU 2018-13 has been applied retrospectively at Note 10.

Pending accounting pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. ASU 2016-02 was originally effective for the NRA on January 1, 2021. In June 2020, the FASB issued ASU No. 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities, which delays the effective date of ASU 2016-02 to annual reporting periods beginning after December 15, 2021. The NRA plans to adopt ASU 2016-02 in accordance with the prescribed guidance effective January 1, 2022.

Tax Status

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

The NRA follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the NRA may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the NRA's tax positions and concluded that the NRA had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Tax years from 2017 through the current year remain open for examination by tax authorities.

The NRA incurred excess executive compensation tax that totaled $110,004 and $226,267 for the years ended December 31, 2020 and 2019, respectively. Excess executive compensation excise tax is for any employee that received compensation of more than $1 million during the year.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act allowed employers the opportunity to defer payment of the employer portion of social security payroll taxes (6.2%) for any payroll paid between March 27, 2020 and December 31, 2020. According to the provisions of the CARES Act, the NRA deferred social security payroll taxes totaling $1.2M as of December 31, 2020 which is payable in equal installments on December 31, 2021 and 2022 and is included in accrued liabilities on the accompanying Consolidated Statement of Financial Position.

Subsequent Events

The NRA evaluated subsequent events through September 16, 2021, which is the date the consolidated financial statements were available to be issued.

2. AVAILABILITY AND LIQUIDITY

The following represents NRA's financial assets at December 31, 2020 and 2019:

Financial assets at year-end:	2020	2019
Cash and cash equivalents	$ 47,041,959	$ 36,156,044
Members' dues receivable available within one year, net	6,380,579	8,856,671
Accounts receivable available within one year, net	13,214,047	6,519,030
Pledges receivable, net	2,196,097	2,449,015
Contributions receivable	882,883	1,710,584
Investments	162,407,733	147,278,199
Total financial assets	232,123,298	202,969,543
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(102,139,325)	(112,486,903)
Investments held as collateral (a)	(16,168,107)	(26,628,141)
	(118,307,432)	(139,115,044)
Financial assets available to meet general expenditures over the next twelve months	$ 113,815,866	$ 63,854,499

(a) While total investments pledged as collateral total $47,418,622 for 2020 and $41,714,582 for 2019, the NRA considers investments above the outstanding line of credit balance as unencumbered for the purposes of liquidity.

The NRA maintains a policy of structuring its financial assets to be available as its general operating expenses come due. In addition, to manage liquidity the NRA maintains a line of credit with a bank that is drawn upon as needed during the year to manage cash flows (Note 9).

3. INVESTMENTS

Investments as of December 31, 2020 and 2019 consist of:

	2020	2019
Money market funds	$ 2,088,608	$ 1,920,809
Certificates of deposit	850,000	200,000
Equity securities	115,433,735	103,950,936
Fixed income securities	40,693,753	39,308,201
Alternative investments	4,385,578	3,783,898
Other	5,733,785	3,087,395
	$ 169,185,459	$ 152,251,239

4. PLEDGES RECEIVABLE

At December 31, 2020 and 2019, donors to the NRA have unconditionally promised to give amounts as follows:

	2020	2019
Within one year	$ 1,458,240	$ 1,613,110
One to five years	956,805	920,090
More than five years	727,411	591,551
	3,142,456	3,124,751
Less: discount	(43,778)	(20,610)
	3,098,678	3,104,141
Less: allowance for uncollectible pledges	(902,581)	(655,126)
	$ 2,196,097	$ 2,449,015

Pledges due in more than one year have been recorded at the present value of estimated cash flows, discounted by rates ranging from 0.16% to 2.80% and 0.88% to 2.22% for the years ended December 31, 2020 and 2019, respectively.

5. MEMBERS' DUES RECEIVABLE

Members' dues receivable as of December 31, 2020 and 2019 consist of:

	2020	2019
Members' dues	$ 16,555,271	$ 26,819,195
Less: discount	(151,903)	(1,410,494)
	$ 16,403,368	$ 25,408,701

Members' dues due in more than one year have been recorded at the present value of estimated cash flows, discounted by rates ranging from 0.17% to 0.36% and 1.58% to 2.51% for the years ended December 31, 2020 and 2019, respectively.

6. ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2020 and 2019 consist of:

	2020	2019
Contributions	$ 5,299,490	$ 6,935,648
Advertising	3,006,858	2,867,529
Other	8,999,078	2,844,002
	17,305,426	12,647,179
Less: allowance for doubtful accounts	(1,884,771)	(2,519,975)
	$ 15,420,655	$ 10,127,204

Following are the changes in the allowance for doubtful accounts during the years ended December 31, 2020 and 2019, respectively:

	2020	2019
Allowance at beginning of year	$ 2,519,975	$ 2,420,134
Provision for losses on accounts receivable	97,518	66,712
Write-offs, net of recoveries	(732,722)	33,129
Allowance at end of year	$ 1,884,771	$ 2,519,975

7. INVENTORIES AND SUPPLIES

Inventories and supplies as of December 31, 2020 and 2019 consist of:

	2020	2019
Sales inventories	$ 9,161,221	$ 13,290,109
Supplies:		
Magazine paper	1,522,010	1,609,664
Fulfillment and promotional materials	8,281,663	7,330,511
Other	960,908	973,416
	19,925,802	23,203,700
Less: obsolescence allowance	(1,437,743)	(1,530,795)
	$ 18,488,059	$ 21,672,905

8. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2020 and 2019 consist of:

	2020	2019
Land	$ 8,044,023	$ 8,044,023
Buildings and improvements	69,278,009	68,951,958
Furniture, fixtures and equipment	21,501,991	22,707,298
Construction-in-progress	305,040	284,078
	99,129,063	99,987,357
Less: accumulated depreciation	(61,891,477)	(59,337,832)
	$ 37,237,586	$ 40,649,525

Construction-in-progress at December 31, 2020 and 2019 consisted of construction improvements at the NRA Whittington Center.

Depreciation expense for the years ended December 31, 2020 and 2019 was $4,153,152 and $4,769,015, respectively.

9. NOTES PAYABLE AND CREDIT AGREEMENTS

On March 13, 2019, the NRA entered into a credit agreement with a bank which expires on March 12, 2029. Under the terms of this agreement the NRA paid a fixed rate of 4.85%. On June 5, 2020, the NRA amended this agreement. Under the terms of this amended agreement, the NRA pays a fixed rate of 4.50%. Prior to this agreement, the NRA maintained a credit agreement with a different bank. Under the terms of this agreement, the NRA paid a fixed rate of 6.08%. At December 31, 2020 and 2019, $17,303,327 and $17,692,578, respectively, was payable under the different credit agreements.

The previous credit agreement incorporated an interest rate swap agreement. The SWAP agreement was terminated on March 13, 2019.

On June 5, 2020, the NRA entered into a $20,000,000 building line of credit agreement, which reduces to $10,000,000 on June 4, 2021 and expires on September 27, 2022. Under the terms of this agreement, the NRA pays interest at a floating per annum rate equal to the LIBOR rate plus 1.80%. Prior to this agreement, the NRA maintained a $10,000,000 building line of credit agreement which would have expired on September 27, 2021. Under the terms of this agreement, the NRA paid interest at a floating per annum rate equal to the LIBOR rate plus 2.00%. At December 31, 2020 and 2019, $0 and $8,000,000 was payable under the agreement at an interest rate of 3.05% and 4.86%, respectively.

The NRA maintains a $28,000,000 line of credit agreement which expires September 27, 2022. Under the terms of this agreement, the NRA makes monthly interest payments on the daily outstanding principal at a variable rate based on the 30-day LIBOR rate, plus 0.70%. At December 31, 2020 and 2019, $16,168,108 and $26,628,140 was payable at interest rates of 0.84% and 2.39%, respectively.

The NRA is subject to financial covenants associated with the credit agreement and lines of credit agreements. The NRA must maintain minimum cash and investment balances of at least $60,000,000, measured as of the last day of each fiscal year and tested no later than the date that is one hundred twenty days after the end of such fiscal year. The NRA must maintain deposit accounts and securities accounts with the bank with an average annual balance of at least $10,000,000. The NRA has met both requirements for December 31, 2020.

The aggregate maturities of such required principal payments under the above agreements at December 31, 2020 are as follows:

2021	$ 411,335
2022	16,600,132
2023	453,753
2024	474,349
2025	500,434
2026 and thereafter	15,031,432
	$ 33,471,435

Interest expense for the years ended December 31, 2020 and 2019, was $1,305,892 and $1,293,746, respectively

10. FAIR VALUE MEASUREMENTS

The NRA follows the Codification on *Fair Value Measurement*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The NRA's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

In determining the appropriate levels, the NRA performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The estimated fair values of the NRA's short-term financial instruments, including cash and cash equivalents, receivables and payables arising in the ordinary course of operations, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

The carrying value of the NRA's note payable and credit agreement approximates fair value as the interest rate on the credit agreement's underlying instruments fluctuate with market rates.

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

	As of December 31, 2020			
	Total	Level 1	Level 2	Level 3
Equity securities:				
Consumer discretionary	$ 1,319,484	$ 1,319,484	$ -	$ -
Consumer staples	423,360	423,360	-	-
Energy	1,382,732	1,382,732	-	-
Financial services	1,084,517	1,084,517	-	-
Healthcare	894,193	894,193	-	-
Industrials	1,111,493	1,111,493	-	-
Information technology	1,266,432	1,266,432	-	-
Materials	2,777,714	2,777,714	-	-
Multi-strategy mutual funds	103,113,898	103,113,898	-	-
Real estate	438,338	438,338	-	-
Stock funds - commodities	1,152,206	1,152,206	-	-
Telecommunications	455,637	455,637	-	-
Utilities	13,731	13,731	-	-
Total equity securities:	115,433,735	115,433,735	-	-
Fixed income securities:				
U.S. Treasury securities	3,521,959	3,521,959	-	-
Corporate bonds[a]	8,724,110	-	8,724,110	-
Multi-strategy bond funds	27,993,023	27,993,023	-	-
Mortgage obligations	258,117	-	258,117	-
Municipal bonds	196,544	-	196,544	-
Total fixed income securities	40,693,753	31,514,982	9,178,771	-
Alternative investments:				
Multi-strategy fund-of-funds [measured using a net asset value per share (or its equivalent) practical expedient]	4,385,578	-	-	-
Split interest agreements	2,842,779	-	-	2,842,779
Money market	2,088,608	2,088,608	-	-
Investments at fair value	165,444,453	$ 149,037,325	$ 9,178,771	$ 2,842,779
Other investments	2,891,006			
Certificate of deposits held at cost	850,000			
Total investments	$ 169,185,459			
Other assets –multi-strategy mutual funds:				
Deferred compensation plan	$ 3,133,813	$ 3,133,813	$ -	$ -
Supplemental executive retirement plan	711,227	711,227	-	-
Total other assets	$ 3,845,040	$ 3,845,040	$ -	$ -
Deferred compensation liability	$ (3,133,813)	$ -	$ (3,133,813)	$ -
Supplemental executive retirement liability	(711,227)	-	(711,227)	-
Total liabilities	$ (3,845,040)	$ -	$ (3,845,040)	$ -

	As of December 31, 2019			
	Total	Level 1	Level 2	Level 3
Equity securities:				
Consumer discretionary	$ 949,073	$ 949,073	$ -	$ -
Consumer staples	517,337	517,337	-	-
Energy	97,142	97,142	-	-
Financial services	898,489	898,489	-	-
Healthcare	1,000,339	1,000,339	-	-
Industrials	657,422	657,422	-	-
Information technology	1,128,114	1,128,114	-	-
Materials	2,337,279	2,337,279	-	-
Multi-strategy mutual funds	95,003,879	95,003,879	-	-
Stock funds - commodities	923,134	923,134	-	-
Telecommunications	438,728	438,728	-	-
Total equity securities:	103,950,936	103,950,936	-	-
Fixed income securities:				
U.S. Treasury securities	2,098,244	2,098,244	-	-
Corporate bonds[(a)]	9,456,288	-	9,456,288	-
Multi-strategy bond funds	27,295,775	27,295,775	-	-
Mortgage obligations	159,150	-	159,150	-
Municipal bonds	298,744	-	298,744	-
Total fixed income securities	39,308,201	29,394,019	9,914,182	-
Alternative investments:				
Multi-strategy fund-of-funds [measured using a net asset value per share (or its equivalent) practical expedient]	3,783,898	-	-	-
Split interest agreements	2,543,391	-	-	2,543,391
Money market	1,920,809	1,920,809	-	-
Investments at fair value	151,507,235	$ 135,265,764	$ 9,914,182	$ 2,543,391
Other investments	544,004			
Certificate of deposits held at cost	200,000			
Total investments	$ 152,251,239			
Other assets –multi-strategy mutual funds:				
Deferred compensation plan	$ 2,872,120	$ 2,872,120	$ -	$ -
Supplemental executive retirement plan	921,312	921,312	-	-
Total other assets	$ 3,793,432	$ 3,793,432	$ -	$ -
Deferred compensation liability	$ (2,872,120)	$ -	$ (2,872,120)	$ -
Supplemental executive retirement liability	(921,312)	-	(921,312)	-
Total liabilities	$ (3,793,432)	$ -	$ (3,793,432)	$ -

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

11. NET ASSETS WITH DONOR RESTRICTIONS AND ENDOWMENT FUNDS

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

	2020	2019
NRA Foundation	$ 119,417,190	$ 129,427,698
Legislative programs	23,599,458	21,628,497
NRA Civil Rights Defense Fund	6,085,501	5,079,418
NRA Special Contribution Fund	2,811,393	2,494,469
Firearms & marksmanship training	2,513,071	2,513,071
NRA Freedom Action Foundation	802,415	717,467
Hunting & wildlife conservation	364,639	364,639
Other safety and training programs	503,273	2,768,039
Other, passage of time	5,629,308	3,947,006
Total	$ 161,726,248	$ 168,940,304

The NRA follows the Codification subtopic *Reporting endowment funds.* The Codification addresses accounting issues related to guidelines in the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the National Conferences of Commissioners on Uniform State Laws in July 2006 and enacted in the Commonwealth of Virginia on July 1, 2008 and by the State of New York on September 17, 2010. The Management of the NRA has interpreted UPMIFA as requiring the preservation of the fair value of original donor-restricted endowment gifts as of the date of the gift or Board designation absent explicit donor stipulations or Board action to the contrary. As a result of this interpretation, the NRA classifies as permanently restricted net assets (a) the original value of cash gifts donated to permanent endowment (b) the discounted value of future gifts promised to permanent endowment, net of allowance for uncollectible pledges, and (c) the fair value of non-cash gifts received whereby the proceeds of any future sale are donor restricted to permanent endowment. Board designated endowment funds are classified in net assets without donor-restrictions until utilized by the NRA for the Board designated purpose.

In accordance with UPMIFA, the NRA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the NRA and donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the NRA
- The investment policies of the NRA

12. RETIREMENT PLANS

Certain NRA employees participate in a non-contributory, defined benefit retirement plan (the Plan). Benefits under the Plan are generally based on years of service and final average pay. The NRA's policy is to fund pension costs as accrued. Effective January 1, 2008, the NRA amended the Plan so that employees hired on or after January 1, 2008, will not be eligible to participate in the Plan. Effective December 31, 2018, the NRA froze the Plan and employees no longer earn additional benefits under the Plan.

The primary investment objectives of the Plan are to provide a long-term, risk-controlled approach using diversified investment options. The NRA may consider all asset classes allowed by the Employee Retirement Income Security Act of 1974 and other applicable law as acceptable investment options.

The net periodic pension costs for the years ended December 31, 2020 and 2019 consist of the following:

	2020	2019
Interest cost on projected benefit obligation	$ 5,378,555	$ 5,994,964
Return on plan assets	(8,225,170)	(6,642,488)
Recognized net actuarial loss	1,838,326	1,332,089
Net periodic benefit (income)/cost	(1,008,289)	684,565
Other changes	9,997,278	6,924,096
Net recognized curtailment loss and other changes	9,997,278	6,924,096
Total recognized in statements of activities	$ 8,988,989	$ 7,608,661

The following table sets forth the changes in the defined benefit pension plan's funded status and the amount of accrued pension costs for the plan years ended December 31, 2020 and 2019 (utilizing a measurement date of December 31):

	2020	2019
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 157,176,676	$ 134,118,464
Interest cost	5,378,555	5,994,964
Actuarial loss	19,186,412	22,043,094
Benefits paid	(6,139,865)	(4,979,846)
Projected benefit obligation at end of year	175,601,778	157,176,676
Change in plan assets:		
Fair value of plan assets at beginning of year	112,506,826	91,529,371
Actual return on plan assets	15,575,978	20,429,397
Employer contributions	4,314,325	5,527,904
Benefits paid	(6,139,865)	(4,979,846)
Fair value of plan assets at end of year	$ 126,257,264	$ 112,506,826
Accrued pension costs reflected in the consolidated statements of financial position in accrued liabilities	$ (49,344,514)	$ (44,669,850)
Amounts recognized in net assets without donor restrictions:		
Total net loss	$ 36,532,477	$ 26,535,199
Prior service cost	-	-
Total	$ 36,532,477	$ 26,535,199

The total net loss and prior service cost for the defined pension plan that will be amortized from net assets into the net periodic benefit cost over the next year are $2,932,349 and $1,616,970, respectively.

In 2019 the NRA implemented the provisions of FASB ASU 2017-07 that require that an employer report the service cost component separately from the other components of net benefit cost. The service cost component is reported in the same line of the statement of activities as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are reported as non-operating activities. In prior years benefit cost was reported in salaries and benefits.

The NRA has used the practical expedient provided by ASU 2017-07 of using amounts disclosed in the retirement plan note in the 2019 financial statements as the estimation basis for applying the retrospective requirements of the ASU.

The following weighted-average assumptions were used in calculating the above benefit obligations, net periodic benefit cost and fair value of plan assets at December 31, 2020 and 2019:

	2020	2019
Discount rate used to determine benefit obligation	2.65%	3.45%
Discount rate used to determine net periodic benefit cost	3.45%	4.45%
Rate of compensation increase	N/A	N/A
Expected return on plan assets	8.00%	8.00%

The basis used to determine the overall expected long-term rate of return on assets utilizing the target asset allocations established within the plan is based on historical returns.

The asset allocation strategy is based on several factors including:

- The relationship between the current and projected assets of the Plan and the projected actuarial liability stream;
- The historical performance of capital markets adjusted for the perception of future short- and long-term capital market performance;
- The perception of future economic conditions, including inflation and interest rate assumptions.

The asset allocation strategy shall identify target allocations to eligible asset classes and, where appropriate, suitable ranges within which each asset class can fluctuate as a percent of the total fund. Each asset class is to remain suitably invested at all times in either cash (or cash equivalents) or permitted securities within each asset class. The asset classes may be rebalanced from time to time to take advantage of tactical misvaluations across major asset classes or investment styles, or to align the current asset mix with strategic targets.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2020 and 2019.

Multi-strategy equity and fixed income mutual funds and Pooled separate accounts: Primarily valued at the net asset value (NAV) per share based on quoted market prices of the underlying investments as reported by the investment advisor using the audited financial statements of the underlying investments. The individual annuities invest in separate accounts, which track the performance of the specific underlying mutual funds. A valuation agent is selected for each mutual fund and PSA. The valuation agent calculates the net assets of the account on each open market day.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain results in a different fair value measurement at the reporting date.

Investments measured at net asset value (or equivalent) as a practical expedient have not been classified in the fair value hierarchy. The amounts of investments are included below.

At December 31, 2020 and 2019, the fair value and the asset allocation of the NRA's pension plan assets was as follows:

	2020		2019	
Asset category:				
Multi-strategy equity Mutual funds/PSAs	$ 77,412,375	61.3%	$ 70,580,029	62.7%
Multi-strategy fixed income Mutual funds/ PSAs	48,701,893	38.6	41,284,908	36.7
Cash	142,996	0.1	641,889	0.6
	$126,257,264	100.0%	$112,506,826	100.0%

The NRA contributes to the plan based on actuarially determined amounts necessary to provide assets sufficient to meet benefits to be paid to plan members. NRA annually funds the minimum required contribution. Expected contributions for the plan year ending December 31, 2021, are $4,593,156.

The American Rescue Plan Act of 2021 ("APRA") was signed into law on March 11th, 2021. This law provides both interest rate relief and amortization relief in the determination of the minimum required contribution. Plan sponsors have the option of reflecting the interest rate relief in years 2020, 2021 or 2022, and the amortization relief in years 2019, 2020, 2021, or 2022. The NRA has chosen to reflect the interest rate relief in 2020 and the amortization relief in 2019. As such, they will restate both the 2019 and 2020 valuation results. The NRA will have the option of generating a credit balance of roughly $3.9M that can be used to offset minimum required contributions in future years. In addition, the 2021 minimum required contribution will decrease from approximately $4.3M pre APRA to $1.2-$1.3 million reflecting APRA.

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

2021	$ 7,362,696
2022	$ 7,470,632
2023	$ 7,687,137
2024	$ 7,835,750
2025	$ 8,018,887
2026 – 2030 (total)	$ 42,394,591

In addition, in 1997, the NRA established a 401(k) plan for employees. The plan, available to all employees after 90 days of service, permits participants to contribute a portion of their salary on a pre-tax basis. The NRA matches participant contributions based on plan provisions. Effective May 22, 2020, the NRA no longer matches participant contributions. Participants are 100% vested in employer contributions after three years of service. The vested balance is available to participants at termination, retirement, death, disability, hardships or through eligible loans. Employer contributions to the 401(k) plan totaled $929,171 and $2,465,492 for the years ended December 31, 2020 and 2019, respectively.

The NRA also maintains a deferred compensation agreement (the Agreement) for certain officers and employees. The Agreement is offered at the sole discretion of its Board of Directors, which may amend or terminate the Agreement at any time. The Agreement is funded through whole life insurance policies on the plan beneficiaries. The NRA is the policy owner and beneficiary.

The Foundation leases warehouse space and equipment under operating leases, cancelable with one year's notice, with terms expiring through 2022.

The annual minimum payments related to these obligations as of December 31, 2020 are as follows:

2021	$ 1,471,475
2022	492,598
2023	14,191
2024	4,730
Total minimum payments required	$ 1,982,994

Total lease expense for the years ended December 31, 2020 and 2019 was $1,597,158 and $1,611,552, respectively.

Capital Leases

The NRA leases vehicles under leases classified as capital leases. The leased vehicle is depreciated on a straight line basis over 3 years. Capital lease assets and accumulated amortization are included in property and equipment, net on the statements of financial position.

	2020	2019
Capital lease assets	$ 1,743,745	$ 1,957,917
Accumulated amortization	(1,227,364)	(1,148,748)
Net book value	$ 516,381	$ 809,169

The future minimum payments related to these capital leases as of December 31, 2020 are as follows:

	2020
2021	$ 358,186
2022	149,641
2023	110,654
Total minimum lease payments	$ 618,481
Less amount representing interest	(80,048)
Present value of minimum lease payments	$ 538,433

The present values of the minimum lease payments have been discounted using rates ranging from 4.50% to 6.75%. The capital lease liability is included in accrued liabilities on the statements of financial position.

Total accumulated depreciation related to the leased equipment for years ended December 31, 2020 and 2019 was $1,227,364 and $1,148,748.

Litigation and claims

NRA is subject to various legal proceedings as well as federal and state government agency inquires. In the opinion of the management of the NRA, there are no material pending legal proceedings to which the NRA will be found liable. Management also believes the federal and state inquiries have no merit and will be resolved to the benefit of the NRA.

In addition, New York State Attorney General Letitia James commenced an action in New York State Supreme Court on August 6, 2020, which seeks to dissolve the NRA's corporate existence and redistribute its assets. The lawsuit also purports to sue, directly and derivatively, two current and two former officers of the NRA: Executive Vice President Wayne LaPierre, Secretary and General Counsel John Frazer, former Treasurer Wilson H. Phillips, and former Executive Director of General Operations and Chief of Staff Joshua Powell. This matter is expected to proceed to trial during summer 2022.

During 2020, the NRA was involved in an arbitration arising from a contractual dispute with a former executive. The matter was settled in August 2021.

The NRA is involved in ongoing litigation with its former advertising agency, Ackerman McQueen, Inc. The NRA has sued Ackerman McQueen for claims including trademark infringement, conversion, fraud, breach of fiduciary duty, and breach of contract. Ackerman has responded with its own counterclaims. The case is scheduled for trial in March 2022.

15. BANKRUPTCY SUBSEQUENT EVENTS

In January 2021, the NRA and a wholly owned subsidiary, Sea Girt LLC, filed for bankruptcy protection in the U.S. District Court for the Northern District of Texas. The case was dismissed without prejudice in May 2021 and the NRA is no longer under the supervision of the bankruptcy court. In anticipation of the litigation, the NRA deposited fees in a trust account with Brewer, Attorneys and Counselors; some of those funds were used to pay fees during the bankruptcy litigation, and the unspent balance was returned after the dismissal.

16. RISKS AND UNCERTAINITIES

As a result of the spread of the COVID-19 coronavirus, NRA has experienced disruptions to daily operations. Economic uncertainties have arisen which are likely to negatively impact revenues. COVID-19 forced cancellation of all competition events, 2020 and 2021 Annual Meetings of members, 2021 GAOS, and reduction in the number of fundraising banquets held by the Foundation's Friends of NRA program. Other financial impacts could occur, though such potential impact is unknown at this time.