



EVERYTOWN FOR GUN SAFETY ACTION FUND

Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

EVERYTOWN FOR GUN SAFETY ACTION FUND

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Everytown for Gun Safety Action Fund:

Opinion

We have audited the financial statements of Everytown for Gun Safety Action Fund (the Fund), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2021 and 2020, and the results of its changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 the Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 the 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 the 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.

KPMG LLP

New York, New York
July 1, 2022

EVERYTOWN FOR GUN SAFETY ACTION FUND

Statements of Financial Position

December 31, 2021 and 2020

Assets	2021	2020
Cash and cash equivalents (note 2)	\$ 7,363,363	6,089,424
Contributions receivable, net (note 3)	1,300,000	2,345,681
Due from Everytown for Gun Safety Support Fund (note 6)	790,188	591,416
Prepaid expenses and other assets	426,070	620,635
Fixed assets, net (note 4)	1,009,048	1,290,368
Total assets	<u>\$ 10,888,669</u>	<u>10,937,524</u>
Liabilities		
Liabilities – accounts payable and accrued expenses	\$ 1,189,162	1,700,566
Net Assets		
Net assets without donor restrictions	8,379,263	6,871,033
Net assets with donor restrictions (note 5)	1,320,244	2,365,925
Total net assets	<u>9,699,507</u>	<u>9,236,958</u>
Total liabilities and net assets	<u>\$ 10,888,669</u>	<u>10,937,524</u>

See accompanying notes to financial statements.

EVERYTOWN FOR GUN SAFETY ACTION FUND

Statements of Activities

Years ended December 31, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and other income:						
Contributions and grants (notes 3 and 6)	\$ 47,696,193	50,000	47,746,193	21,448,253	50,000	21,498,253
Other income	518,545	—	518,545	204,198	—	204,198
Forfeiture of restricted funds	—	(250,000)	(250,000)	—	(750,000)	(750,000)
Net assets released from restrictions	845,681	(845,681)	—	876,444	(876,444)	—
Total revenue and other income	49,060,419	(1,045,681)	48,014,738	22,528,895	(1,576,444)	20,952,451
Expenses:						
Program expenses:						
Public education, research, and advocacy	36,780,362	—	36,780,362	43,163,411	—	43,163,411
Supporting services:						
Management and general (note 6)	7,721,140	—	7,721,140	7,453,126	—	7,453,126
Fundraising	3,050,687	—	3,050,687	2,874,157	—	2,874,157
Total expenses	47,552,189	—	47,552,189	53,490,694	—	53,490,694
Change in net assets	1,508,230	(1,045,681)	462,549	(30,961,799)	(1,576,444)	(32,538,243)
Net assets at beginning of year	6,871,033	2,365,925	9,236,958	37,832,832	3,942,369	41,775,201
Net assets at end of year	\$ 8,379,263	1,320,244	9,699,507	6,871,033	2,365,925	9,236,958

See accompanying notes to financial statements.

EVERYTOWN FOR GUN SAFETY ACTION FUND

Statement of Functional Expenses

Year ended December 31, 2021

	Public education, research, and advocacy	Management and general	Fundraising	2021 Total
Salaries and employee benefits:				
Salaries	\$ 10,588,919	1,273,026	320,499	12,182,444
Employee benefits and payroll taxes	3,436,625	341,575	62,803	3,841,003
	<u>14,025,544</u>	<u>1,614,601</u>	<u>383,302</u>	<u>16,023,447</u>
Other expenses:				
Political and election contributions	4,267,850	—	—	4,267,850
Grants awarded	419,500	—	—	419,500
Professional fees:				
Accounting and audit fees	—	4,120,098	—	4,120,098
Legislative consulting fees	5,643,683	—	—	5,643,683
Legal fees	3,379,757	562,221	94,145	4,036,123
Fundraising services	—	—	572,576	572,576
Other professional fees	3,268,679	116,668	51,663	3,437,010
Advertising	1,316,606	—	—	1,316,606
Travel and lodging	377,051	9,855	24,272	411,178
Conferences, conventions, and meetings	392,236	853	795	393,884
Email acquisitions	1,013,649	—	—	1,013,649
Polling and surveys	517,844	—	—	517,844
Postage and printing	175,225	6,984	1,749,769	1,931,978
Computer and other equipment	407,688	191,454	875	600,017
Office expenses	262,710	460,849	—	723,559
Occupancy	950,679	64,738	16,299	1,031,716
Depreciation and amortization	340,133	40,892	10,295	391,320
Insurance	21,438	128,795	—	150,233
Other expenses	90	403,132	146,696	549,918
	<u>\$ 36,780,362</u>	<u>7,721,140</u>	<u>3,050,687</u>	<u>47,552,189</u>

See accompanying notes to financial statements.

EVERYTOWN FOR GUN SAFETY ACTION FUND

Statement of Functional Expenses

Year ended December 31, 2020

	Public education, research, and advocacy	Management and general	Fundraising	2020 Total
Salaries and employee benefits:				
Salaries	\$ 10,168,397	1,095,536	315,649	11,579,582
Employee benefits and payroll taxes	3,036,035	294,375	56,999	3,387,409
	<u>13,204,432</u>	<u>1,389,911</u>	<u>372,648</u>	<u>14,966,991</u>
Other expenses:				
Political and election contributions	2,172,100	—	—	2,172,100
Grants awarded	694,246	—	—	694,246
Professional fees:				
Accounting and audit fees	—	4,321,340	—	4,321,340
Legislative consulting fees	4,700,442	—	—	4,700,442
Legal fees	2,274,107	465,616	62,079	2,801,802
Fundraising services	—	—	260,464	260,464
Other professional fees	5,008,540	212,740	97,404	5,318,684
Advertising	6,068,966	—	—	6,068,966
Travel and lodging	489,584	1,243	6,111	496,938
Conferences, conventions, and meetings	446,958	1,335	47,288	495,581
Email acquisitions	1,440,169	—	143,492	1,583,661
Polling and surveys	994,554	—	—	994,554
Postage and printing	3,720,469	4,729	1,747,240	5,472,438
Computer and other equipment	415,420	151,941	1,260	568,621
Office expenses	230,088	332,447	—	562,535
Occupancy	1,011,404	65,174	18,778	1,095,356
Depreciation and amortization	285,564	30,766	8,865	325,195
Insurance	6,305	126,764	—	133,069
Other expenses	63	349,120	108,528	457,711
	<u>\$ 43,163,411</u>	<u>7,453,126</u>	<u>2,874,157</u>	<u>53,490,694</u>

See accompanying notes to financial statements.

EVERYTOWN FOR GUN SAFETY ACTION FUND

Statements of Cash Flows

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 462,549	(32,538,243)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	391,320	325,195
Changes in operating assets and liabilities:		
Contributions receivable	1,045,681	1,570,688
Due from Everytown for Gun Safety Support Fund	(198,772)	(161,168)
Prepaid expenses and other assets	194,565	(229,924)
Accounts payable and accrued expenses	(511,404)	21,463
Net cash provided by (used in) operating activities	<u>1,383,939</u>	<u>(31,011,989)</u>
Cash flows from investing activity:		
Purchase of fixed assets	<u>(110,000)</u>	<u>(368,502)</u>
Net cash used in investing activity	<u>(110,000)</u>	<u>(368,502)</u>
Net increase (decrease) in cash and cash equivalents	1,273,939	(31,380,491)
Cash and cash equivalents, beginning of year	<u>6,089,424</u>	<u>37,469,915</u>
Cash and cash equivalents, end of year	<u>\$ 7,363,363</u>	<u>6,089,424</u>

See accompanying notes to financial statements.

EVERYTOWN FOR GUN SAFETY ACTION FUND

Notes to Financial Statements

December 31, 2021 and 2020

(1) Organization and Significant Accounting Policies

(a) Organization

Everytown for Gun Safety Action Fund (the Fund) was incorporated in April 2007 to support the activities of mayors and others to combat illegal gun trafficking. The Fund supports efforts to educate policymakers, the press, and the public about the consequences of gun violence and to target activities that help ensure that guns stay out of the hands of criminals.

(b) Basis of Presentation

The Fund's financial statements are prepared on the accrual basis of accounting. The financial statements present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Fund and changes therein are classified and reported as discussed below.

Net assets without donor restrictions are not restricted by donors or the donor-imposed restrictions have expired.

Net assets with donor restrictions contain donor-imposed restrictions that permit the Fund to use or expend the assets for particular purposes or in specific time periods and donor-restricted endowments. As of December 31, 2021 and 2020, the Fund had no donor-restricted endowment funds.

Revenues are reported as changes in net assets without donor restrictions unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(d) Contributions and Grants

Contributions and grants, including unconditional promises to give, are recognized as revenue when they are received. A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional contributions are recognized as revenue when the barrier(s) in the agreement are overcome. Donor-restricted contributions whose restrictions are met in the same fiscal year are reported as net assets without donor restrictions. All other donor-restricted support is reported as an increase to net assets with donor restrictions. When a donor restriction on net assets is met through the passage of time or fulfillment of a purpose restriction, 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.

EVERYTOWN FOR GUN SAFETY ACTION FUND

Notes to Financial Statements

December 31, 2021 and 2020

Contributions receivable are reported at estimated fair value at the date of the gift. Fair value of contributions receivable is measured based on the present value of future cash flows, with consideration of expectations about possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. The fair value measurements also include consideration of donors' credit risk.

(e) *Income Tax Status*

The Fund is a Section 501(c)(4) tax-exempt organization under Section 501(a) of the Internal Revenue Code (the Code). Accordingly, it is not subject to federal income tax. The Fund is also exempt from state and local income taxes. Contributions to the Fund are not deductible by donors under Section 170 of the Code. Income generated from activities unrelated to the Fund's exempt purpose is subject to tax under Internal Revenue Code Section 511. The Fund recognizes the effect of income tax positions only if those tax positions are more likely than not of being sustained.

(f) *Fixed Assets*

Fixed assets consist of website development costs, computer equipment, furniture, and leasehold improvements. Such fixed assets are recorded at cost, less accumulated depreciation and amortization. Website development costs, computer equipment, and furniture are depreciated and amortized on a straight-line basis over an estimated useful life of three to seven years. Leasehold improvements are depreciated on a straight-line basis over the life of the asset or lease term, whichever is shorter.

(g) *Grant Awards*

A grant is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the obligation to transfer assets. Effective January 1, 2020, with the adoption of Accounting Standards Update (ASU) No. 2018-08, awards made that are conditional in nature are not recorded as expense until the conditions of the grant are satisfied.

(h) *Cash and Cash Equivalents*

The Fund considers all liquid instruments purchased with original maturities of three months or less to be cash equivalents.

(i) *Fair Value Measurements*

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, 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 establishes a framework for measuring fair value. Fair value measurements are applied based on the unit of account from the reporting entity's perspective.

EVERYTOWN FOR GUN SAFETY ACTION FUND

Notes to Financial Statements

December 31, 2021 and 2020

ASC Topic 820 establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The highest priority is given to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to measurements involving significant unobservable inputs (Level 3 inputs). The three levels are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3 – Unobservable inputs are used when little or no market data is available.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Fund had no assets or liabilities that required disclosure in the fair value hierarchy at December 31, 2021 or 2020.

(j) *Functional Allocation of Expenses*

The Fund allocates expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program or supporting service are reported accordingly. Expenses that benefit multiple functional areas are allocated based on proportional basis or time and effort.

(2) **Concentration of Credit Risk**

Financial instruments that potentially subject the Fund to concentration of credit risk consist of cash and cash equivalents. The Fund places its cash and cash equivalents with high credit quality financial institutions; however, the cash and cash equivalent balances exceed federally insured limits at December 31, 2021 and 2020.

(3) **Contributions Receivable, Net**

Contributions receivable, net consists of the following unconditional promises to give at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Amounts expected to be collected:		
Due within one year	\$ 1,300,000	1,300,000
Due between one and five years	<u>—</u>	<u>1,250,000</u>
	1,300,000	2,550,000
Less discount to present value (rates ranging from 4.23% to 4.93%)	<u>—</u>	<u>(204,319)</u>
	<u>\$ 1,300,000</u>	<u>2,345,681</u>

EVERYTOWN FOR GUN SAFETY ACTION FUND

Notes to Financial Statements

December 31, 2021 and 2020

At December 31, 2021 and 2020, unconditional promises to give from one donor comprised approximately 77% and 78% of the total receivable balance, respectively.

(4) Fixed Assets

A summary of fixed assets at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Website development costs	\$ 1,110,177	1,000,177
Computer equipment	58,661	58,661
Furniture and other	306,924	306,924
Leasehold improvements	<u>427,962</u>	<u>427,962</u>
	1,903,724	1,793,724
Accumulated depreciation and amortization	<u>(894,676)</u>	<u>(503,356)</u>
	<u>\$ 1,009,048</u>	<u>1,290,368</u>

(5) Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2021 and 2020 are available for specific purposes and/or are time restricted as follows:

	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Advocacy in Florida	\$ 20,244	20,244
Time restrictions	<u>1,300,000</u>	<u>2,345,681</u>
Total	<u>\$ 1,320,244</u>	<u>2,365,925</u>

(6) Related-Party Transactions

During the normal course of business, the Fund engages in transactions with an entity with which a member of its Board of Directors is affiliated. The Fund's Board of Directors has a policy to require directors and officers to disclose affiliations and to review and authorize such transactions, as appropriate. For the years ended December 31, 2021 and 2020, such transactions are included in contribution revenues and management and general expenses and amounted to approximately \$4,075,128 and \$4,279,340, respectively.

The Fund is party to a cost sharing agreement with Everytown for Gun Safety Support Fund. The purpose of the cost sharing agreement is to minimize duplicative expenses and to carry out the organizations' missions in an economical and efficient manner, which includes sharing the employees whose skills and knowledge will assist both organizations, consistent with each organization's tax exempt purpose. At December 31, 2021 and 2020, such transactions due from the Everytown for Gun Safety Support Fund amount to \$790,188 and \$591,416, respectively.

EVERYTOWN FOR GUN SAFETY ACTION FUND

Notes to Financial Statements

December 31, 2021 and 2020

(7) Lease

The Fund is party to a lease agreement for office space in Washington, DC, expiring in 2026. Future minimum rental payments are as follows:

2022	\$ 507,726
2023	520,419
2024	533,429
2025	546,765
2026	<u>373,131</u>
Total	<u>\$ 2,481,470</u>

Rental expense is recognized on a straight-line basis, in accordance with ASC Topic 840, *Accounting for Leases*. The excess of recognized expense over actual rent payments as well as landlord-provided improvements has been recorded as deferred rent credits, which is included in accounts payable and accrued expenses in the accompanying statements of financial position. Rental expense under this lease agreement was \$481,115 both in 2021 and 2020.

(8) Liquidity and Availability of Financial Assets

The following reflects the Fund's financial assets as of December 31, 2021 and 2020 reduced by amounts not available for general use within one year of the statement of financial position date. These financial assets available for general expenditure within one year of the statement of financial position date includes the following:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 7,363,363	6,089,424
Contributions receivable, due within one year	1,300,000	1,300,000
Due from Everytown for Gun Safety Support Fund	790,188	591,416
Other assets, due within one year	<u>142,106</u>	<u>149,811</u>
Total financial assets available within one year	<u>9,595,657</u>	<u>8,130,651</u>
Less those unavailable for general expenditure within one year, due to:		
Restricted by donor	<u>(20,244)</u>	<u>(20,244)</u>
Total amounts unavailable within one year	<u>(20,244)</u>	<u>(20,244)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,575,413</u>	<u>8,110,407</u>

EVERYTOWN FOR GUN SAFETY ACTION FUND

Notes to Financial Statements

December 31, 2021 and 2020

(9) Subsequent Events

The Fund evaluated events and transactions subsequent to the statement of financial position date of December 31, 2021 and through July 1, 2022 which is the date that the Fund's financial statements were available to be issued, for purposes of disclosure and recognition in the financial statements and concluded no further disclosures are required.