



EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Financial Statements and Supplemental Schedule

December 31, 2017 and 2016

(With Independent Auditors' Report Thereon)

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Table of Contents

	Page(s)
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position as of December 31, 2017 and 2016	3
Statements of Activities for the years ended December 31, 2017 and 2016	4
Statements of Cash Flows for the years ended December 31, 2017 and 2016	5
Notes to Financial Statements	6-9
Supplemental Schedule of Functional Expenses for the year ended December 31, 2017	10



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

Independent Auditors' Report

The Board of Directors
Everytown for Gun Safety Support Fund:

We have audited the accompanying financial statements of Everytown for Gun Safety Support Fund, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Everytown for Gun Safety Support Fund as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the schedule of functional expenses for the year ended December 31, 2017 is presented for purposes of additional analysis and is not a required part of the 2017 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 2017 financial statements as a whole.

KPMG LLP

September 25, 2018

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Statements of Financial Position

December 31, 2017 and 2016

Assets	<u>2017</u>	<u>2016</u>
Cash and cash equivalents (note 2)	\$ 11,328,104	3,528,832
Contributions receivable, net (note 3)	9,526,085	1,859,693
Prepaid expenses and other assets	35,021	126,149
Fixed assets, net (note 4)	<u>7,383</u>	<u>71,003</u>
Total assets	<u>\$ 20,896,593</u>	<u>5,585,677</u>
Liabilities and Net Assets		
Liabilities:		
Grants payable	\$ 145,586	225,561
Accrued expenses and other liabilities	268,458	180,220
Due to Everytown for Gun Safety Action Fund (note 6)	<u>1,783,268</u>	<u>175,988</u>
Total liabilities	<u>2,197,312</u>	<u>581,769</u>
Net assets:		
Unrestricted	9,173,196	3,144,215
Temporarily restricted (note 5)	<u>9,526,085</u>	<u>1,859,693</u>
Total net assets	<u>18,699,281</u>	<u>5,003,908</u>
Total liabilities and net assets	<u>\$ 20,896,593</u>	<u>5,585,677</u>

See accompanying notes to financial statements.

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Statements of Activities

Years ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Revenue and other income:						
Contributions and grants (note 3)	\$ 19,189,400	8,721,357	27,910,757	15,832,778	1,859,693	17,692,471
Other income	291,769	—	291,769	48,652	—	48,652
Net assets released from restrictions	1,054,965	(1,054,965)	—	1,165,453	(1,165,453)	—
Total revenue and other income	<u>20,536,134</u>	<u>7,666,392</u>	<u>28,202,526</u>	<u>17,046,883</u>	<u>694,240</u>	<u>17,741,123</u>
Expenses:						
Program expenses:						
Public education and research	12,764,037	—	12,764,037	13,748,605	—	13,748,605
Supporting services:						
Management and general	1,225,805	—	1,225,805	1,502,485	—	1,502,485
Fund-raising	517,311	—	517,311	497,600	—	497,600
Total expenses	<u>14,507,153</u>	<u>—</u>	<u>14,507,153</u>	<u>15,748,690</u>	<u>—</u>	<u>15,748,690</u>
Change in net assets	6,028,981	7,666,392	13,695,373	1,298,193	694,240	1,992,433
Net assets, beginning of year	3,144,215	1,859,693	5,003,908	1,846,022	1,165,453	3,011,475
Net assets, end of year	<u>\$ 9,173,196</u>	<u>9,526,085</u>	<u>18,699,281</u>	<u>3,144,215</u>	<u>1,859,693</u>	<u>5,003,908</u>

See accompanying notes to financial statements.

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Statements of Cash Flows

Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 13,695,373	1,992,433
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	63,620	118,501
Changes in operating assets and liabilities:		
Contributions receivable	(7,666,392)	(1,015,170)
Prepaid expenses and other assets	91,128	(125,695)
Grants payable	(79,975)	(334,622)
Accrued expenses and other liabilities	88,238	(260,368)
Due to Everytown for Gun Safety Action Fund	<u>1,607,280</u>	<u>(922,171)</u>
Net cash provided by (used in) operating activities	<u>7,799,272</u>	<u>(547,092)</u>
Net increase (decrease) in cash and cash equivalents	7,799,272	(547,092)
Cash and cash equivalents, beginning of year	<u>3,528,832</u>	<u>4,075,924</u>
Cash and cash equivalents, end of year	<u>\$ 11,328,104</u>	<u>3,528,832</u>

See accompanying notes to financial statements.

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Notes to Financial Statements

December 31, 2017 and 2016

(1) Organization and Significant Accounting Policies

(a) Organization

Everytown for Gun Safety Support Fund (the Fund) was incorporated on December 17, 2007 to educate the public about the detrimental effects of illegal guns, to reduce gun violence in the United States, and to lessen the burden on government by assisting American local governments and law enforcement agencies in their efforts to develop effective policies to combat illegal guns. The Fund supports programmatic activities of approximately 800 mayors in the coalition of Mayors Against Illegal Guns, as well as other government officials and law enforcement leaders.

(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.

Unrestricted net assets are not restricted by donors or the donor-imposed restrictions have expired.

Temporarily restricted net assets contain donor-imposed restrictions that permit the Fund to use or expend the assets for particular purposes or in specific time periods. The restrictions are satisfied either by the passage of time or by the actions of the Fund.

Permanently restricted net assets contain donor-imposed restrictions that stipulate that the principal be invested in perpetuity, but permit the Fund to use all or part of the income earned on these assets for either specified or unspecified purposes. As of December 31, 2017 and 2016, the Fund had no permanently restricted net assets.

Revenues are reported as changes in unrestricted net assets unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets.

(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. Donor-restricted contributions whose restrictions are met in the same fiscal year are reported as unrestricted. All other donor-restricted support is reported as an increase to temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction on net assets is met through the passage of time or fulfillment of a purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Notes to Financial Statements

December 31, 2017 and 2016

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)(3) organization, which is exempt from federal income tax under Section 501(a) of the Internal Revenue Code. The Fund is also exempt from state and local income taxes. Income generated from activities unrelated to the Fund's exempt purpose is subject to tax under Internal Revenue Code Section 511. The Fund did not recognize any unrelated business income tax for the years ended December 31, 2017 and 2016. The Fund recognizes the effect of income tax positions only if those tax positions are more likely than not of being sustained.

(f) Grant Awards

Grants awarded, including multiyear grants and unconditional promises to give which are discounted to reflect the present value of future cash flows at a risk-adjusted rate, are recognized as expenses in the period made. Conditional grants made are recognized when the Fund deems the terms and conditions of the grant agreements have been substantially met.

(g) Cash and Cash Equivalents

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

(h) 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.

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.

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Notes to Financial Statements

December 31, 2017 and 2016

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, 2017 and 2016.

(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, 2017 and 2016.

(3) Contributions Receivable, Net

Contributions receivable, net consists of the following unconditional promises to give at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Amounts expected to be collected:		
Due within one year	\$ 3,904,104	1,044,965
Due between one and five years	<u>6,286,667</u>	<u>871,034</u>
	10,190,771	1,915,999
 Less discount to present value (at discount rates ranging between 3.70% and 4.90%)	 <u>(664,686)</u>	 <u>(56,306)</u>
	<u>\$ 9,526,085</u>	<u>1,859,693</u>

During the years ended December 31, 2017 and 2016, the Fund received contributions and grants revenue of \$12,500,000 and \$5,200,000 from two donors and one donor, respectively. At December 31, 2017, 74% of the contributions receivable were from one donor.

(4) Fixed Assets

A summary of fixed assets at December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Website development costs	\$ 349,475	349,475
Accumulated depreciation and amortization	<u>(342,092)</u>	<u>(278,472)</u>
	<u>\$ 7,383</u>	<u>71,003</u>

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Notes to Financial Statements

December 31, 2017 and 2016

(5) Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2017 and 2016 are available for specific purposes and/or are time restricted as follows:

	<u>2017</u>	<u>2016</u>
Purpose restrictions:		
Urban gun violence research project	\$ 221,034	556,215
Time restrictions	<u>9,305,051</u>	<u>1,303,478</u>
Total	<u>\$ 9,526,085</u>	<u>1,859,693</u>

(6) Related-Party Transactions

During the normal course of business, the Fund engages in transactions with organizations with which members of its Board of Directors are affiliated. The Fund's Board of Directors has a policy to require directors to disclose affiliations and to review and authorize such transactions, as appropriate. There were no such transactions in 2017 and 2016.

The Fund is party to a cost sharing agreement with Everytown for Gun Safety Action 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, 2017 and 2016, such transactions due to the Everytown for Gun Safety Action Fund amount to \$1,783,268 and \$175,988, respectively.

(7) Subsequent Events

The Fund evaluated events and transactions subsequent to the statement of financial position date of December 31, 2017 and through September 25, 2018 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 determined no further disclosures are required.

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Supplemental Schedule of Functional Expenses

Year ended December 31, 2017

(with Summarized Financial Information for the year ended December 31, 2016)

	Public education and research	Management and general	Fundraising	2017 Total	2016 Total
Personnel related expenses	\$ 5,607,895	336,913	115,849	6,060,657	5,247,438
Other expenses:					
Grants awarded	3,225,774	—	—	3,225,774	2,896,262
Professional fees:					
Accounting and audit fees	—	600,971	—	600,971	549,977
Legal Fees	286,187	134,276	—	420,463	620,601
Fundraising services	—	—	385,640	385,640	375,980
Other professional fees	1,337,669	23,392	—	1,361,061	1,650,703
Advertising	312,318	—	—	312,318	2,140,339
Travel and lodging	864,774	7,676	4,343	876,793	754,701
Conferences, conventions, and meetings	460,655	36,374	—	497,029	404,173
Rent and electricity	216,370	20,779	8,769	245,918	230,738
General office expenses	117,445	19,117	2,710	139,272	185,139
Research and records fees	69,872	—	—	69,872	124,321
Depreciation and amortization	63,620	—	—	63,620	118,501
Website maintenance and hosting	76,549	—	—	76,549	407,585
Insurance	—	12,701	—	12,701	17,982
Other expenses	124,909	33,606	—	158,515	24,250
	<u>\$ 12,764,037</u>	<u>1,225,805</u>	<u>517,311</u>	<u>14,507,153</u>	<u>15,748,690</u>

See accompanying independent auditors' report.