



**EVERYTOWN FOR GUN SAFETY SUPPORT FUND**

Financial Statements

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)

## EVERYTOWN FOR GUN SAFETY SUPPORT FUND

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KPMG LLP  
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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, 2019 and 2018, and the related statements of activities, functional expenses, 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, 2019 and 2018, 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.

**KPMG LLP**

July 20, 2020

**EVERYTOWN FOR GUN SAFETY SUPPORT FUND**

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents (note 2)	\$ 26,033,773	23,793,360
Contributions receivable, net (note 3)	6,294,753	7,574,874
Prepaid expenses and other assets	488,185	39,505
Fixed assets, net (note 4)	305,854	—
Total assets	<u>\$ 33,122,565</u>	<u>31,407,739</u>
<b>Liabilities</b>		
Grants payable	\$ 62,500	—
Accrued expenses and other liabilities	1,314,238	1,393,616
Due to Everytown for Gun Safety Action Fund (note 6)	430,248	423,063
Total liabilities	<u>1,806,986</u>	<u>1,816,679</u>
<b>Net Assets</b>		
Net assets without donor restrictions	24,708,813	17,795,958
Net assets with donor restrictions (note 5)	6,606,766	11,795,102
Total net assets	<u>31,315,579</u>	<u>29,591,060</u>
Total liabilities and net assets	<u>\$ 33,122,565</u>	<u>31,407,739</u>

See accompanying notes to financial statements.

**EVERYTOWN FOR GUN SAFETY SUPPORT FUND**

Statements of Activities

Years ended December 31, 2019 and 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and other income:						
Contributions and grants (note 3)	\$ 31,381,940	2,998,175	34,380,115	30,263,211	7,336,453	37,599,664
Other income	227,283	—	227,283	127,803	—	127,803
Net assets released from restrictions	8,186,511	(8,186,511)	—	5,067,436	(5,067,436)	—
Total revenue and other income	39,795,734	(5,188,336)	34,607,398	35,458,450	2,269,017	37,727,467
Expenses:						
Program expenses:						
Public education and research	29,745,421	—	29,745,421	24,169,314	—	24,169,314
Supporting services:						
Management and general	2,308,948	—	2,308,948	2,011,191	—	2,011,191
Fundraising	828,510	—	828,510	655,183	—	655,183
Total expenses	32,882,879	—	32,882,879	26,835,688	—	26,835,688
Change in net assets	6,912,855	(5,188,336)	1,724,519	8,622,762	2,269,017	10,891,779
Net assets, beginning of year	17,795,958	11,795,102	29,591,060	9,173,196	9,526,085	18,699,281
Net assets, end of year	\$ 24,708,813	6,606,766	31,315,579	17,795,958	11,795,102	29,591,060

See accompanying notes to financial statements.

**EVERYTOWN FOR GUN SAFETY SUPPORT FUND**

Statement of Functional Expenses

Year ended December 31, 2019

	<u>Public education and research</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>2019 Total</u>
Salaries and employee benefits:				
Salaries	\$ 6,973,379	297,117	167,779	7,438,275
Employee benefits and payroll taxes	<u>2,096,249</u>	<u>79,077</u>	<u>29,740</u>	<u>2,205,066</u>
	9,069,628	376,194	197,519	9,643,341
Other expenses:				
Grants awarded	9,072,967	—	—	9,072,967
Professional fees:				
Accounting and audit fees	—	1,326,897	—	1,326,897
Legal fees	737,718	34,296	8,782	780,796
Fundraising services	—	—	392,029	392,029
Other professional fees	4,554,442	161,028	15,374	4,730,844
Advertising	749,776	—	—	749,776
Travel and lodging	1,844,469	2,066	145,995	1,992,530
Conferences, conventions, and meetings	1,696,610	2,373	1,466	1,700,449
Polling and surveys	995,500	—	—	995,500
Postage and printing	103,524	2,611	2,100	108,235
Computer and other equipment	75,611	20,672	—	96,283
Office expenses	206,706	208,188	—	414,894
Occupancy	594,018	20,113	11,358	625,489
Depreciation and amortization	—	22,281	—	22,281
Insurance	723	69,893	—	70,616
Other expenses	<u>43,729</u>	<u>62,336</u>	<u>53,887</u>	<u>159,952</u>
	<u>\$ 29,745,421</u>	<u>2,308,948</u>	<u>828,510</u>	<u>32,882,879</u>

See accompanying notes to financial statements.

**EVERYTOWN FOR GUN SAFETY SUPPORT FUND**

Statement of Functional Expenses

Year ended December 31, 2018

	<u>Public education and research</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>2018 Total</u>
Salaries and employee benefits:				
Salaries	\$ 5,598,646	362,450	152,248	6,113,344
Payroll taxes and employee benefits	<u>1,652,783</u>	<u>106,999</u>	<u>44,945</u>	<u>1,804,727</u>
	7,251,429	469,449	197,193	7,918,071
Other expenses:				
Grants awarded	5,469,099	—	—	5,469,099
Professional fees:				
Accounting and audit fees	—	1,144,128	—	1,144,128
Legal fees	628,904	20,023	6,523	655,450
Fundraising services	—	—	333,509	333,509
Other professional fees	4,870,809	74,708	—	4,945,517
Advertising	339,010	—	—	339,010
Travel and lodging	1,802,454	9,344	97,028	1,908,826
Conferences, conventions, and meetings	913,818	24,185	3,628	941,631
E-mail acquisitions	1,915,721	—	—	1,915,721
Polling and surveys	148,400	—	—	148,400
Postage and printing	66,948	5,257	—	72,205
Computer and other equipment	27,131	20,910	—	48,041
Office expenses	248,124	102,800	4,598	355,522
Occupancy	310,914	25,866	8,426	345,206
Depreciation and amortization	—	7,383	—	7,383
Insurance	33,390	35,644	—	69,034
Other expenses	<u>143,163</u>	<u>71,494</u>	<u>4,278</u>	<u>218,935</u>
	<u>\$ 24,169,314</u>	<u>2,011,191</u>	<u>655,183</u>	<u>26,835,688</u>

See accompanying notes to financial statements.

**EVERYTOWN FOR GUN SAFETY SUPPORT FUND**

Statements of Cash Flows

Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,724,519	10,891,779
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	22,281	7,383
Changes in operating assets and liabilities:		
Contributions receivable	1,280,121	1,951,211
Prepaid expenses and other assets	(448,680)	(4,484)
Grants payable	62,500	(145,586)
Accrued expenses and other liabilities	(79,378)	1,125,158
Due to Everytown for Gun Safety Action Fund	7,185	(1,360,205)
Net cash provided by operating activities	<u>2,568,548</u>	<u>12,465,256</u>
Cash flows from investing activity:		
Purchase of fixed assets	<u>(328,135)</u>	—
Net cash used in investing activity	<u>(328,135)</u>	—
Net increase in cash and cash equivalents	2,240,413	12,465,256
Cash and cash equivalents, beginning of year	<u>23,793,360</u>	<u>11,328,104</u>
Cash and cash equivalents, end of year	\$ <u><u>26,033,773</u></u>	<u><u>23,793,360</u></u>

See accompanying notes to financial statements.



## EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Notes to Financial Statements

December 31, 2019 and 2018

### **(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.

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, 2019 and 2018, 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. Investment returns are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law.

#### **(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 obligating 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 SUPPORT FUND

Notes to Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018. 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***

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.

### **(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 SUPPORT FUND

Notes to Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018.

### **(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.

### **(k) Reclassifications**

There were reclassifications made to certain 2018 amounts to conform with the current year presentation.

### **(l) New Accounting Pronouncement**

The Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 helps an entity evaluate whether it should account for a grant (or similar transaction) as a contribution or as an exchange transaction. The ASU also clarifies and expands the criteria for determining whether a contribution is conditional, which may delay recognition of contribution revenue (recipient) or expense (resource provider). The Fund adopted the contributions received provisions of ASU No. 2018-08 as of January 1, 2019. The new guidance is effective for the Fund as a grant maker beginning January 1, 2020, The Fund is currently evaluating the effect that the grant making guidance will have on its financial statements.

## **(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, 2019 and 2018.

**EVERYTOWN FOR GUN SAFETY SUPPORT FUND**

Notes to Financial Statements

December 31, 2019 and 2018

**(3) Contributions Receivable, Net**

Contributions receivable, net consists of the following unconditional promises to give at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Amounts expected to be collected:		
Due within one year	\$ 5,135,000	4,481,666
Due between one and five years	<u>1,310,000</u>	<u>3,541,667</u>
	6,445,000	8,023,333
Less present value discount (rates ranging from 4.02% to 4.90%)	<u>(150,247)</u>	<u>(448,459)</u>
	<u>\$ 6,294,753</u>	<u>7,574,874</u>

At December 31, 2019 and 2018, unconditional promises to give from two donors comprised approximately 65% and 75% of the total receivable balance, respectively.

**(4) Fixed Assets**

A summary of fixed assets at December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Website development costs	\$ 447,225	349,475
Computer equipment	19,554	—
Furniture and other	74,386	—
Leasehold improvements	<u>136,445</u>	<u>—</u>
	677,610	349,475
Accumulated depreciation and amortization	<u>(371,756)</u>	<u>(349,475)</u>
	<u>\$ 305,854</u>	<u>—</u>

**EVERYTOWN FOR GUN SAFETY SUPPORT FUND**

Notes to Financial Statements

December 31, 2019 and 2018

**(5) Net Assets with Donor Restrictions**

Net assets with donor restrictions at December 31, 2019 and 2018 are available for specific purposes and/or are time restricted as follows:

	<u>2019</u>	<u>2018</u>
Purpose restrictions:		
Gun suicide intervention public education campaign	\$ 500,000	—
Students demand action	48,256	300,000
Moms demand action	13,757	—
March for our lives	—	3,745,227
Development of center for firearms law	—	225,000
Time restrictions	<u>6,044,753</u>	<u>7,524,875</u>
	<u>\$ 6,606,766</u>	<u>11,795,102</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 2019 and 2018.

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, 2019 and 2018, such transactions due to the Everytown for Gun Safety Action Fund amount to \$430,248 and \$423,063, respectively.

**(7) Liquidity and Availability of Financial Assets**

The following reflects the Fund's financial assets as of December 31, 2019 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>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 26,033,773	23,793,360
Contributions receivable, due within one year	5,135,000	4,481,666
Other assets, due within one year	<u>15,977</u>	<u>9,255</u>
Total financial assets available within one year	<u>31,184,750</u>	<u>28,284,281</u>

**EVERYTOWN FOR GUN SAFETY SUPPORT FUND**

Notes to Financial Statements

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Less those unavailable for general expenditure within one year, due to:		
Restricted by donor	\$ <u>(562,013)</u>	<u>(4,270,227)</u>
Total amounts unavailable within one year	<u>(562,013)</u>	<u>(4,270,227)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>30,622,737</u>	<u>24,014,054</u>

**(8) Subsequent Events**

The Fund evaluated events and transactions subsequent to the statement of financial position date of December 31, 2019 and through July 20, 2020 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, except for the below item, no further disclosures are required.

The spread of coronavirus (COVID-19) around the world in 2020 has caused significant volatility in U.S. and international markets. There remains considerable uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.