



EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Financial Statements

December 31, 2018 and 2017

(With Independent Auditors' Report Thereon)

EVERYTOWN FOR GUN SAFETY SUPPORT 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 Support Fund:

We have audited the accompanying financial statements of Everytown for Gun Safety Support Fund (the Fund), which comprise the statements of financial position as of December 31, 2018 and 2017, 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, 2018 and 2017, 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.



Emphasis of Matter

As discussed in note 1(j) to the financial statements, the Fund adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

KPMG LLP

July 23, 2019

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents (note 2)	\$ 23,793,360	11,328,104
Contributions receivable, net (note 3)	7,574,874	9,526,085
Prepaid expenses and other assets	39,505	35,021
Fixed assets, net (note 4)	—	7,383
Total assets	<u>\$ 31,407,739</u>	<u>20,896,593</u>
Liabilities		
Grants payable	\$ —	145,586
Accrued expenses and other liabilities	1,393,616	268,458
Due to Everytown for Gun Safety Action Fund (note 6)	423,063	1,783,268
Total liabilities	<u>1,816,679</u>	<u>2,197,312</u>
Net Assets		
Net assets without donor restrictions	17,795,958	9,173,196
Net assets with donor restrictions (note 5)	11,795,102	9,526,085
Total net assets	<u>29,591,060</u>	<u>18,699,281</u>
Total liabilities and net assets	<u>\$ 31,407,739</u>	<u>20,896,593</u>

See accompanying notes to financial statements.

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Statements of Activities

Years ended December 31, 2018 and 2017

	2018			2017		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and other income:						
Contributions and grants (note 3)	\$ 30,390,963	7,336,453	37,727,416	19,189,400	8,721,357	27,910,757
Other income	51	—	51	291,769	—	291,769
Net assets released from restrictions	5,067,436	(5,067,436)	—	1,054,965	(1,054,965)	—
Total revenue and other income	<u>35,458,450</u>	<u>2,269,017</u>	<u>37,727,467</u>	<u>20,536,134</u>	<u>7,666,392</u>	<u>28,202,526</u>
Expenses:						
Program expenses:						
Public education and research	24,169,314	—	24,169,314	12,764,037	—	12,764,037
Supporting services:						
Management and general	2,011,191	—	2,011,191	1,225,805	—	1,225,805
Fundraising	655,183	—	655,183	517,311	—	517,311
Total expenses	<u>26,835,688</u>	<u>—</u>	<u>26,835,688</u>	<u>14,507,153</u>	<u>—</u>	<u>14,507,153</u>
Change in net assets	8,622,762	2,269,017	10,891,779	6,028,981	7,666,392	13,695,373
Net assets, beginning of year	9,173,196	9,526,085	18,699,281	3,144,215	1,859,693	5,003,908
Net assets, end of year	<u>\$ 17,795,958</u>	<u>11,795,102</u>	<u>29,591,060</u>	<u>9,173,196</u>	<u>9,526,085</u>	<u>18,699,281</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>
Personnel related expenses	\$ 7,368,393	477,022	200,374	8,045,789
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	4,963,013	74,708	—	5,037,721
Advertising	340,454	—	—	340,454
Travel and lodging	1,884,359	12,315	100,225	1,996,899
E-mail acquisitions	1,915,721	—	—	1,915,721
Polling and surveys	148,400	—	—	148,400
Conferences, conventions, and meetings	668,258	21,214	431	689,903
Rent and electricity	310,914	25,866	8,426	345,206
Office supplies, postage, and printing	79,562	27,165	1,417	108,144
Computer and other equipment	27,131	20,910	—	48,041
Research and records fees	81,244	135	—	81,379
Depreciation and amortization	7,383	—	—	7,383
Website maintenance and hosting	70,008	—	—	70,008
Insurance	33,390	35,644	—	69,034
Other expenses	173,081	152,061	4,278	329,420
	<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

Statement of Functional Expenses

Year ended December 31, 2017

	Public education and research	Management and general	Fundraising	2017 Total
Personnel related expenses	\$ 5,607,895	336,913	115,849	6,060,657
Grants awarded	3,225,774	—	—	3,225,774
Professional fees:				
Accounting and audit fees	—	600,971	—	600,971
Legal fees	286,187	134,276	—	420,463
Fundraising services	—	—	385,640	385,640
Other professional fees	1,337,669	23,392	—	1,361,061
Advertising	312,318	—	—	312,318
Travel and lodging	864,774	7,676	4,343	876,793
E-mail acquisitions	—	—	—	—
Polling and surveys	—	—	—	—
Conferences, conventions, and meetings	460,655	36,374	—	497,029
Rent and electricity	216,370	20,779	8,769	245,918
Office supplies, postage, and printing	55,694	1,285	2,710	59,689
Computer and other equipment	31,267	16,619	—	47,886
Research and records fees	69,872	—	—	69,872
Depreciation and amortization	63,620	—	—	63,620
Website maintenance and hosting	76,549	—	—	76,549
Insurance	—	12,701	—	12,701
Other expenses	155,393	34,819	—	190,212
	<u>\$ 12,764,037</u>	<u>1,225,805</u>	<u>517,311</u>	<u>14,507,153</u>

See accompanying notes to financial statements.

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 10,891,779	13,695,373
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	7,383	63,620
Changes in operating assets and liabilities:		
Contributions receivable	1,951,211	(7,666,392)
Prepaid expenses and other assets	(4,484)	91,128
Grants payable	(145,586)	(79,975)
Accrued expenses and other liabilities	1,125,158	88,238
Due to Everytown for Gun Safety Action Fund	<u>(1,360,205)</u>	<u>1,607,280</u>
Net cash provided by operating activities	<u>12,465,256</u>	<u>7,799,272</u>
Net increase in cash and cash equivalents	12,465,256	7,799,272
Cash and cash equivalents, beginning of year	<u>11,328,104</u>	<u>3,528,832</u>
Cash and cash equivalents, end of year	<u><u>\$ 23,793,360</u></u>	<u><u>11,328,104</u></u>

See accompanying notes to financial statements.

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Notes to Financial Statements

December 31, 2018 and 2017

(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, 2018 and 2017, the Fund had no donor restricted endowment funds.

Revenues are reported as changes in net assets without donor restriction unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restriction. 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. 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. 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, 2018 and 2017

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, 2018 and 2017. 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 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.

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December 31, 2018 and 2017

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, 2018 and 2017.

(i) 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.

(j) New Accounting Pronouncement

During 2018, the Fund adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 reduces the number of net assets from three to two: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets and permanently restricted net assets. The guidance expands the quantitative and qualitative disclosures regarding liquidity and availability of resources and requires expenses to be reported by both their natural and functional classification in one location. The Fund applied the changes retrospectively.

(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, 2018 and 2017.

(3) Contributions Receivable, Net

Contributions receivable, net consists of the following unconditional promises to give at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Amounts expected to be collected:		
Due within one year	\$ 4,481,666	3,904,104
Due between one and five years	<u>3,541,667</u>	<u>6,286,667</u>
	8,023,333	10,190,771
Less discount to present value (at discount rates ranging between 3.70% and 5.29%)	<u>(448,459)</u>	<u>(664,686)</u>
	<u>\$ 7,574,874</u>	<u>9,526,085</u>

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Notes to Financial Statements

December 31, 2018 and 2017

During the years ended December 31, 2018 and 2017, the Fund received contributions and grants revenue of \$7,000,000 and \$12,500,000 from five donors and two donors, respectively. At December 31, 2018 and 2017, 75% and 74%, respectively, of the contributions receivable were from two donors and one donor, respectively.

(4) Fixed Assets

A summary of fixed assets at December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Website development costs	\$ 349,475	349,475
Accumulated depreciation and amortization	<u>(349,475)</u>	<u>(342,092)</u>
	<u>\$ —</u>	<u>7,383</u>

(5) Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2018 and 2017 are available for specific purposes and/or are time restricted as follows:

	<u>2018</u>	<u>2017</u>
Purpose restrictions:		
Urban gun violence research project	\$ —	221,034
March for our lives	3,745,227	—
Students demand action	300,000	—
Development of center for firearms law	225,000	—
Time restrictions	<u>7,524,875</u>	<u>9,305,051</u>
Total	<u>\$ 11,795,102</u>	<u>9,526,085</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 2018 and 2017.

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, 2018 and 2017, such transactions due to the Everytown for Gun Safety Action Fund amount to \$423,063 and \$1,783,268, respectively.

EVERYTOWN FOR GUN SAFETY SUPPORT FUND

Notes to Financial Statements

December 31, 2018 and 2017

(7) Liquidity and Availability of Financial Assets

The following reflects the Fund's financial assets as of December 31, 2018 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>2018</u>
Financial assets:	
Cash and cash equivalents	\$ 23,793,360
Contributions receivable, due within one year	4,481,666
Other assets, due within one year	<u>9,255</u>
Total financial assets available within one year	<u>28,284,281</u>
Less those unavailable for general expenditure within one year, due to:	
Restricted by donor	<u>(4,270,227)</u>
Total amounts unavailable within one year	<u>(4,270,227)</u>
Financial assets available to meet cash needs for general expenditures within one year	<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, 2018 and through July 23, 2019 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.