

2015

ANNUAL REPORT

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The fight to preserve our rights under the Second Amendment continues, and your support of the NRA Civil Rights Defense Fund is helping to sustain the Second Amendment – one battle after another.

On behalf of myself, the Board of Trustees, and the millions of law-abiding gun owners across America, thank you for your support of the NRA Civil Rights Defense Fund this past year. The activities of the Fund speak clearly to the dedication of the Fund Trustees in answering the mandate of the Board of Directors of the National Rifle Association of America when it created the Fund in 1978.

In the Litigation Activities section of this report review the 21 different cases supported by the Fund in 2015 to correct the injustice that exists in our laws today.

In addition to our case law work, we continue to reach citizens in all walks of life with the help of our research programs, grants and writing contest awards. Each year, our writing contests are held at junior and senior high school levels. Additionally, we distribute thousands of pertinent books and articles to libraries and individuals. Through these ongoing efforts we educate and help shape the opinions of students, lawyers, legislators and everyday citizens.

The Fund must continue to meet the present and future challenges certain to rise threatening our constitutional right to keep and bear arms. You can support the Fund's work through direct donations, estate planning, or through the CFC or United Way payroll deductions. Our Combined Federal Campaign number is 10006.

After reading this 2015 annual report, please share it with your friends, neighbors and co-workers. Ask them to step forward and make a commitment to secure their civil right to keep and bear arms across America. Working together as leaders in this great cause, we can help carry the Second Amendment intact through the millennium.

Sincerely,

A handwritten signature in black ink that reads "William H. Dailey".

William H. Dailey
Chairman

Officers

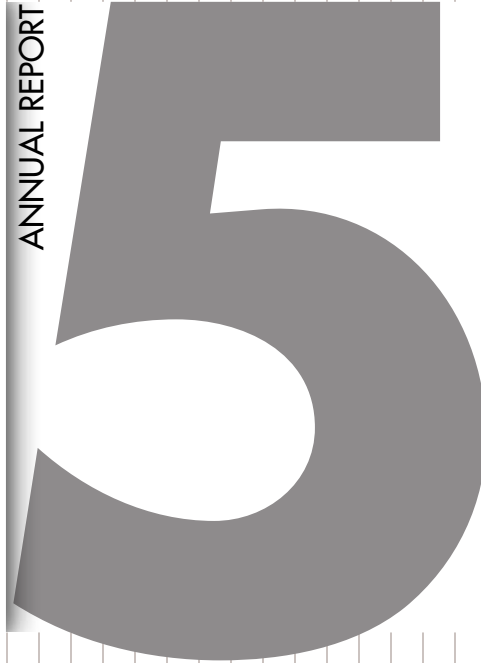
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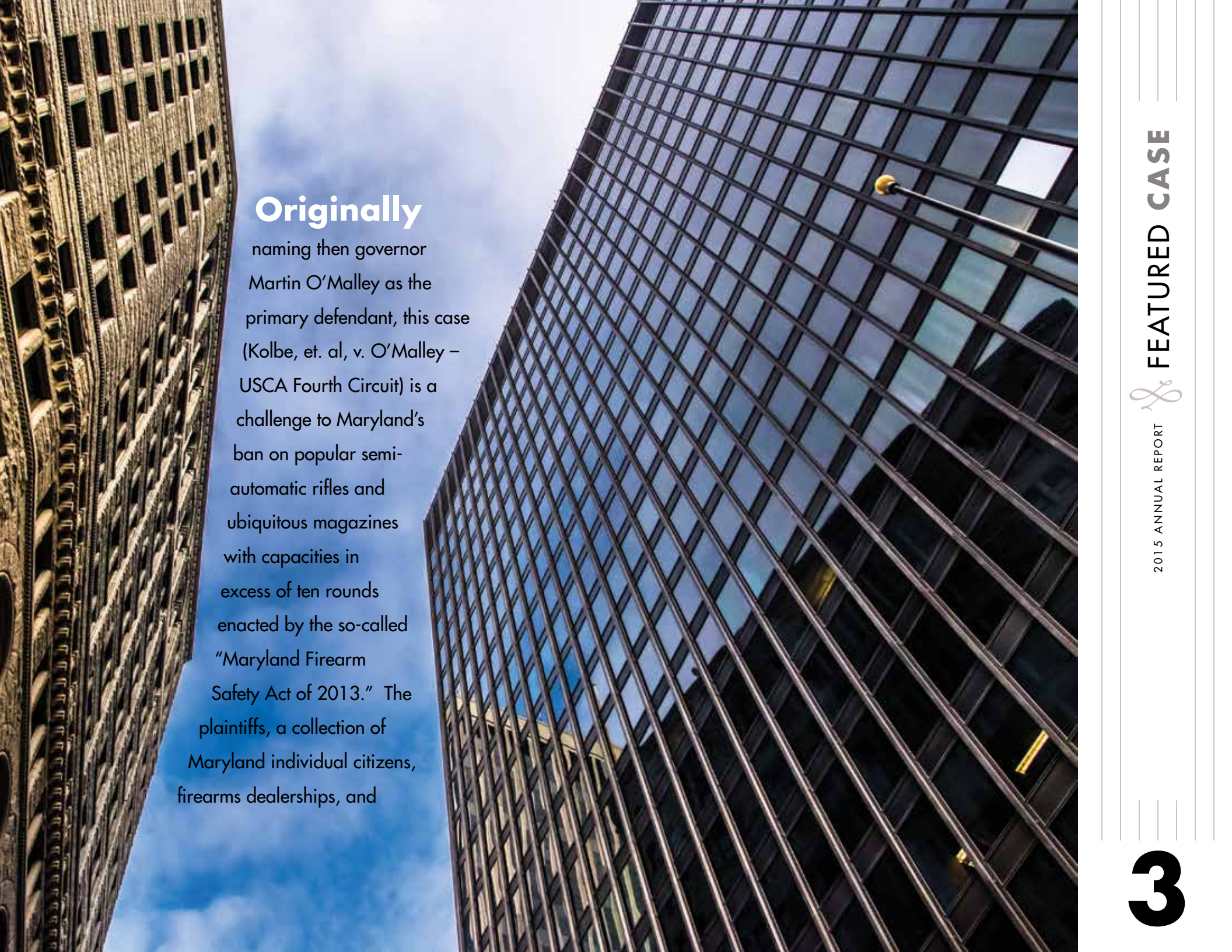
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The Fourth Circuit Court of Appeals hears a challenge to the so-called “Maryland Firearm Safety Act of 2013,” holding the proposed ban to the highest standard of judicial review.

MARYLAND UNDER SCRUTINY





Originally

naming then governor Martin O'Malley as the primary defendant, this case (Kolbe, et. al, v. O'Malley – USCA Fourth Circuit) is a challenge to Maryland's ban on popular semi-automatic rifles and ubiquitous magazines with capacities in excess of ten rounds enacted by the so-called "Maryland Firearm Safety Act of 2013." The plaintiffs, a collection of Maryland individual citizens, firearms dealerships, and



advocacy groups, including the Maryland State Rifle and Pistol Association, created a strong record of fact and expert evidence demonstrating the challenged bans could not pass constitutional muster under any level of heightened scrutiny.

The District Court for the District of Maryland, in defiance of the United States Supreme Court's *Heller* and *McDonald* decisions, as well as Fourth Circuit precedents, disagreed and followed the script established by the Circuit Court of Appeals for the District of Columbia in *Heller II* (upholding DC's ban on so-called "assault weapons" and "high capacity magazines"), applying nominal intermediate scrutiny and holding that the state's interest in public safety outweighed any individual Second Amendment interests impaired by the Act. The case was appealed to the Fourth Circuit.

Oral argument was held on March 25, 2015, before the Fourth Circuit Court of Appeals, where Chief Judge Traxler (South Carolina), Judge Agee (Virginia), and Judge King (West Virginia) were empaneled to hear the case. This panel's composition was significant because some combination of these three judges are responsible for all of the Fourth Circuit's post-*Heller* Second Amendment jurisprudence, which provides that restrictions affecting the exercise of Second Amendment rights by responsible, law-abiding citizens in their homes must be analyzed using strict scrutiny, which is the highest standard of judicial review.

The circuit court's opinion was handed down in early February 2016, and held that semiautomatic rifles and large capacity magazines are bearable arms protected by the Second Amendment, and a complete ban on them must be subjected to strict scrutiny. The court remanded the case back to the district court with instructions to re-hear the case according to the strict scrutiny standard.

MARYLAND UNDER SCRUTINY



The NRA Civil Rights Defense Fund was established by the NRA Board of Directors in 1978 to become involved in court cases establishing legal precedents in favor of gun owners.

To accomplish this, the Fund provides legal and financial assistance to selected individuals and organizations defending their right to keep and bear arms.

Additionally, the Fund sponsors legal research and education on a wide variety of gun-related issues, including the meaning of the Second Amendment and nature of the right to keep and bear arms provisions in state constitutions.

Tax-Exempt Status The Fund is a charitable/educational entity which has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Donations are tax-deductible for federal income tax purposes.

Financial Information The financial records of the Fund are audited annually by a Certified Public Accountant as required by the Bylaws of the Fund. RSM US performed the audit for the year ended December 31, 2015.

Which Cases are Accepted? The NRA Civil Rights Defense Fund supports litigation involving significant legal issues relating to the right to keep and bear arms.

Among the Fund's activities are:

- ▶ **Defense of persons** charged with criminal violations of federal, state, and local laws that prohibit the acquisition or possession of firearms by peaceful and honest Americans;
- ▶ **Civil challenges** to federal, state, and local laws that prohibit a law-abiding citizen or class of citizens from possessing or using firearms;
- ▶ **Opposition** to unlawful forfeitures of firearms seized by federal, state or local authorities in violation of the Fourth, Fifth or Fourteenth Amendments;
- ▶ **Civil actions** against federal, state, and local authorities who, while enforcing unfair gun laws, violate citizens' rights under the First, Second, Fourth, Fifth, Sixth, and Fourteenth Amendments;
- ▶ **Challenges** to administrative interpretations of federal, state and local laws that infringe the right to keep and bear arms guaranteed by the Common Law, the Constitution of the United States, or the constitutions of various states;
- ▶ **Challenges** to administrative actions denying or restricting a citizen's right to possess or carry firearms.





CASES RECENTLY SUPPORTED. STATUS OF CASES THE FUND HAS AGREED TO SUPPORT.

Connecticut

Harwood Loomis Mr. Loomis is a resident of the Town of Woodbridge, Conn., holds a valid Connecticut pistol permit and frequently carries for protection. The Town of Woodbridge is governed by a six member Board of Selectmen. A local firearms ordinance was passed by the Board of Selectmen which prohibits the discharge of a firearm on town property and states explicitly that the carrying of a loaded firearm shall be prima facie evidence that the firearm has been discharged unlawfully in violation of the ordinance. Violation of this ordinance subjects the firearms owner to possible arrest and jail time. Furthermore, the local police department interprets the ordinance's reference to town property to apply to all public roads, public sidewalks, town open space, and all other public land, buildings, and parking lots. This local ordinance creates an effective ban on citizens carrying any loaded firearm in public within the town. Mr. Loomis has tried for several years to bring this concern up with the Board of Selectmen and his concerns have not been properly addressed. Counsel plans to challenge the local ordinance, which effectively is a ban on carrying, on grounds of state preemption based on the state's extensive firearms permit regulatory scheme and as a violation of the Second Amendment to the United States Constitution. A demand letter was sent to the town on May 28, 2015, demanding the ordinance be repealed. The town subsequently refused to repeal the ordinance, and the attorney for the plaintiff is now in the process of preparing a declaratory judgement action against the Town of Woodbridge, based on the ordinance being invalid under both state and federal law.

Florida

Gerald Tanso Mr. Tanso runs a gun shop, Lock N Load. A mentally ill man attempted to purchase a firearm from a Federal Firearms Licensee (FFL), but was denied due to the National Instant Criminal Background Check System (NICS). The mentally ill man then allegedly had a friend purchase the shotgun and used

that gun to kill his mother and her boyfriend. Although the ATF and local state's attorney's office investigated the murders and found no wrongdoing by Mr. Tanso or his staff, the Brady Campaign has filed a civil wrongful death action. They are claiming Lock N Load engaged in a straw purchase when they let the mentally ill man's friend purchase the shotgun. This matter is still in the discovery phase. Counsel for Mr. Tanso anticipates concluding discovery in early 2016, at which time counsel plans on moving for a summary judgement in the matter.

Idaho

Nesbitt, et. al. v. U.S. Army Corps of Engineers The U.S. Army Corps of Engineers administers 12 million acres of public, recreational freshwater lakes and rivers. These bodies of water account for 33 percent of all U.S. freshwater fishing. Regulations adopted by the Corps in 1973 prohibit "the possession of loaded firearms, ammunition, loaded projectile firing devices, bows and arrows, crossbows, or other weapons." 36 C.F.R. § 327.13. The Mountain State Legal Foundation (MSLF), a nonprofit, public-interest law firm, has filed suit challenging the firearms restriction on behalf of Ms. Elizabeth E. Nesbitt and Mr. Alan C. Baker. Ms. Nesbitt was issued an emergency concealed carry license by her local sheriff due to threats and physical attacks against her by a former neighbor. Ms. Nesbitt regularly uses Corps-administered public lands in Idaho, and would like to be able to carry her concealed firearm on these lands, as she does elsewhere, for protection. Mr. Baker is an NRA certified instructor and lifelong outdoorsman. He is licensed to carry a concealed handgun in Utah, Idaho, Arizona and Oregon. Mr. Baker regularly uses Corps-administered lands for recreation and would like to carry his concealed firearm for protection while doing so. On October 13, 2014, the United States District Court granted summary judgment in favor of the plaintiffs and denied the government's motion for summary judgment. The district court held that 36 C.F.R. § 327.13 violates the Second Amendment and is unconstitutional and also enjoined the defendants from enforcing the unconstitutional regulation on Corps-managed

property within Idaho. The Federal government filed an appeal with the U.S. Court of Appeals for the Ninth Circuit. Briefs have been filed. The date for oral arguments has not yet been set. The constitutional issue presented is “whether the Second Amendment protects individuals’ rights to carry firearms for self-defense and to possess functional firearms in their temporary residences on federal lands ... If MSLF prevails, the Corps will be barred from prohibiting visitors from possessing functional firearms when camping or recreating at its sites nationwide.”

Illinois

Shawna Johnson The issue is whether a misdemeanor battery conviction in 2001 against Ms. Johnson’s husband permanently deprives her of the right to obtain an Illinois Firearm Owner’s Identification (FOID) card. Ms. Johnson is contesting the Illinois State Police’s (ISP) decision denying her a FOID card. In October 2015, a circuit court judge denied the ISP’s motion to dismiss Ms. Johnson’s appeal, however counsel for Ms. Johnson expects the ISP to motion for a reconsideration of the dismissal. An evidentiary hearing on the appeal was scheduled for January 13, 2016.

Terry Willis Mr. Willis is involved in target shooting and competition shooting. In 2014, Illinois State Police (ISP) advised Mr. Willis that his Firearm Owner’s Identification (FOID) card had been revoked. He was notified of this after applying for an Illinois Concealed Carry License in January of 2014. Issued by the ISP, an FOID card is required for an Illinois resident to legally possess firearms and/or ammunition. The revocation was allegedly due to a 1978 domestic violence conviction involving Mr. Willis’ then spouse. Per the ISP, individuals convicted of felony or misdemeanor domestic battery, aggravated domestic battery, or a substantially similar offense are not eligible to obtain a FOID card. Despite his apparent ineligibility by ISP standards, a Macon County, Ill., court ordered Mr. Willis’ FOID card reinstated. This order was upheld by a Circuit Court after the Illinois Attorney General intervened on behalf of the ISP. The ISP then issued Mr. Willis a FOID card with a restriction placed on the card indicating that Mr. Willis had been convicted of domestic violence,

which effectively prevented him from transferring or purchasing any firearms or ammunition. An unrestricted FOID card was subsequently issued to Mr. Willis after the court held the ISP director in contempt for issuing the restricted FOID card. In addition to this finding of contempt, the court awarded Mr. Willis attorneys’ fees in the amount of \$5,996.50. The ISP then filed a motion asking the court to rehear the matter. This motion was denied. This matter is pending appeal by the Illinois Attorney General to the Illinois Fourth District Appellate Court. Oral arguments were scheduled for February 2016. Counsel for Mr. Willis is confident he can prevail.

Indiana

Hadah LLC v. Tim’s Shooting Academy et. al. Edward “Tim” Tomich and his wife, Faith Bauer-Tomich, own The Tomich Company, LLC, which operates Tim’s Shooting Academy, an indoor gun range, in an industrial park in Westfield, Indiana. The indoor target range and gun store, which is zoned for enclosed industrial uses, averages more than 1,300 visitors per month and employs a staff of 25 people. Prior to the 2014 opening, Mr. and Mrs. Tomich went through a long and thorough process in order to secure the necessary approvals for construction and operation of their business. In 2013, after operational and design input had been sought from the Westfield-Washington Township Board of Zoning Appeals Technical Advisory Committee and Plan Commission and the Westfield Police and Fire Departments, building permits and a zoning variance were granted to allow the construction of the shooting range in an industrial park. The applicants’ attorney states that the plaintiffs did not appear at any public hearing and did not make any objection during the Academy’s applications for permits or variances and the plaintiffs are now barred by the statute of limitations from appealing the granting of the variance. In November of 2014, almost one year after the opening of Tim’s Shooting Academy, a noise complaint was filed by the owners of a neighboring industrial property. This complaint was filed five months after the neighboring property’s owners had vacated the site and listed it for sale. The plaintiffs contend that the presence of the shooting range is discouraging potential buyers and inhibiting





their ability to sell their property. While the applicants deny these claims, they took significant steps to further restrict noise emissions from their range; including “(1) redesigning and implementing a new HVAC system; (2) buying and installing SONEX sound absorbing material, Quiet Barrier HD Sound Proofing Composite, Echo Absorber Acoustic Panels, and Silent Running (a high performance coating designed to eliminate unwanted sound); (3) installation of an additional soundproof fire door (approved by the Westfield Fire Marshall); and (4) the construction of a specially designed, thirty-foot long concrete block wall (variance approved by City of Westfield, design approved by the State).” In February 2015, the neighbors filed a complaint and argued that a poorly worded line in the Academy’s “Project Narrative,” written by the design engineer and used in obtaining the variance, states that the range’s safety/insulation features “will prevent any stray bullets as well as sounds from leaving the building.”

Recent noise testing revealed that sound heard within the range building was well below the acceptable noise standard in an enclosed industrial district. The noise emitted from the range is under the limit prescribed by the local noise ordinance, however the plaintiff is using the Project Narrative’s language to demand that zero noise emanates from the Academy. This is an unreasonable expectation in an industrial zone. The applicant’s attorney argues that the Academy is immune from liability under Indiana’s Range Protection Act, which provides, in pertinent part, as follows: “A person who owns, operates, or uses a shooting range is not liable in any civil or criminal matter relating to noise or noise pollution that results from the operation or use of the shooting range if the construction and operation of the shooting range were legal at the time of its initial construction or initial operation, and the shooting range continues to operate in a manner that would have been legal at the time of the inception or initial operation.” Ind. Code § 14-22-31.5-6. A preliminary injunction hearing has been ongoing and the City of Westfield has compelled the applicants to seek another variance to refine the Project Narrative language. Trial was set for March 22, 2016. The applicants’ attorney believes there to be a high probability of success in this matter, and adds that this case “has the potential to have widespread impact because only one published decision exists in Indiana addressing the Act, and no decisions have been issued since the Act was amended in 2013.”

Massachusetts

Commonwealth Second Amendment, Inc., Russell Jarvis, David Flynn, Robert Crampton Counsel informed in a December 6, 2011, letter that Massachusetts allows police agencies to seize firearms and ammunition and then turn them over to privately operated bonded warehouses for storage. The warehouse must be paid storage and other fees to obtain a return of property. Often the warehouse fails to respond timely, fees quickly accumulate, and the property is auctioned off. There is no provision for a hearing to contest the ongoing deprivation of property. There is also inadequate regulation of the warehouses and fees are not regulated. A civil rights violation lawsuit under 42 U.S. Code §1983 was filed against Massachusetts’ gun seizure laws and practices in the U.S. District Court on March 27, 2012. Plaintiffs filed a motion for partial summary judgment on October 14, 2013. Defendants filed their opposition on August 15 and 21, 2014. The plaintiffs filed their reply in support of partial summary judgment on September 9, 2014. The court granted summary judgment in favor of the Village Gun Shop on October 15, 2014. The court held the storage company is not a state actor and consequently is not subject to a civil rights violation cause of action. An appeal was filed in the U.S. Court of Appeals for the First Circuit. On October 30, 2015, the appeals court held that Village Vault does not function as a state actor, and therefore cannot be held liable for the deprivation of the plaintiff’s due process rights.

Missouri

Wayne Stallsworth Mr. Stallsworth was denied a concealed carry license renewal by the Jackson County sheriff based on a burglary conviction from 1960. The Governor of Missouri granted Mr. Stallsworth a full pardon in 2004 and he was able to obtain a concealed carry license when he lived in Buchanan County. Mr. Stallsworth appealed the denial in Small Claims Court and won. The sheriff

subsequently appealed to the Circuit Court. The Circuit Court overturned the ruling and denied Mr. Stallsworth's concealed carry license renewal. Mr. Stallsworth has filed an appeal with the Court of Appeals, which is pending.

Montana

James Stiffler On May 22, 2013, Mr. Stiffler pulled into the driveway of his home in East Helena, Montana. Mr. Stiffler observed an unknown car in his driveway and spotted a strange man through his dining room window. After finding his front door smashed in, Mr. Stiffler entered his home and encountered the gloved intruder in his computer room. The intruder was much taller and heavier than the then 66-year-old Mr. Stiffler. When the intruder made threatening motions with his hands and verbally threatened to hurt the homeowner, Mr. Stiffler, armed with a 9mm pistol, fired at the intruder, who at the last second turned away to dodge the incoming fire, and as a result the intruder was struck in the back. The intruder then fled the scene, however died shortly thereafter. After the intruder fled, Mr. Stiffler immediately called 911, and specifically mentioned that they should send an ambulance for the injured assailant. The sheriff's office initially treated the shooting as though it were a justifiable homicide. This included Lewis and Clark County sheriff Leo Dutton making an on-the-record comment to the local newspaper supporting Mr. Stiffler's account of the shooting. "Right now there's nothing to indicate that the details provided by Mr. Stiffler are not accurate," Sheriff Dutton stated on the day following the shooting. However, on May 23, 2015, 665 days after the shooting occurred, Mr. Stiffler was charged with deliberate homicide. After concluding its investigation, the State alleged that Mr. Stiffler's version of events was inconsistent with the forensic evidence recovered at the scene. The prosecution alleges that Mr. Stiffler did not shoot when the assailant charged him, but rather shot as the assailant fled through an open window. Mr. Stiffler maintains his version of the events, and his attorney submits that these charges arise from Lewis and Clark County attorney Leo Gallagher's opposition to gun rights, specifically Montana's 2009 passing of a "castle doctrine," Mont. Code Ann. § 45-3-103.

Mr. Stiffler's filed a motion to dismiss for pre-indictment delay, based on the 665 day delay in prosecution. This motion was denied. Trial was scheduled for February 1, 2016.

New Jersey

James Kaleda Mr. Kaleda moved from New Jersey to Pennsylvania and submitted an application for a change of address, out-of-state-resident New Jersey Firearms Purchaser Identification Card. Mr. Kaleda wanted to avoid a charge of unlawful possession of a firearm while transporting his firearms to and from his old firearm ranges within New Jersey. The New Jersey State Police denied his application claiming that he failed to disclose mental health treatment. Mr. Kaleda thought that because the mental health treatment occurred when he was a juvenile, it did not need to be reported. Although previous applicants have been given the opportunity to amend their application and provide evidence that they can safely handle a firearm, Mr. Kaleda was charged with one count of Violation of the Regulatory Provisions Relating to Firearms- False Representation in Applications, one count of Unsworn Falsifications to Authorities, and one count of Obstructing the Administration of Law. In May 2014, Mr. Kaleda was allowed to enter New Jersey's diversionary program and all charges will be dismissed once the program is completed.

Robert Booth Mr. Booth's applications for both a permit to purchase a pistol and for a firearm purchaser identification card were denied based on the statutory "interest of the public health, safety, or welfare." Mr. Booth has no felony convictions, no domestic violence convictions, no juvenile delinquency adjudications, no active restraining orders, no mental health commitments, no mental health problems, and no alcohol or drug problems. Mr. Booth appealed the denials, and an appellate court recently affirmed the trial court's decision to uphold the denials, and this matter is now closed.



New York

Amenia Fish and Game Association, Inc., et al. v. Town of Amenia Planning Board, et al.

The Amenia Fish and Game Association, Inc., has operated as a small shooting club since 1946. The club's property contains an outdoor shooting range. Because the club was in existence before the enactment of zoning laws in the Town of Amenia, it is grandfathered. The club is challenging the approval of a large planned residential community, part of which would be situated within 500 feet of the club's outdoor shooting range. The Amenia Fish and Game Association, Inc. fears that the development of this community would subject the club to numerous private nuisance lawsuits over the use of its outdoor shooting range. Additionally, they argue that constructing residential housing within 500 feet of an outdoor shooting range would jeopardize the safety of the homeowners. The club is challenging the planned community's approval on both zoning and environmental grounds. On August 28, 2015, the club filed in the Dutchess County Supreme Court: "An Article 78 proceeding challenging initial approvals granted by the Amenia Planning Board to an applicant seeking to develop a large piece of property (to be commonly known as 'Silo Ridge Field Club') adjacent to a gun club. Our Petition alleges violations of the New York State Environmental Quality Review Act ('SEQRA'), failure to provide notice pursuant to the Amenia Town Code, and violations of the Open Meetings Law. In pertinent part, our Petition argues that the Amenia Planning Board failed to mitigate environmental harms to the maximum extent practicable, as required by SEQRA, when it granted initial approvals for a development which includes houses, facilities, and other buildings within close proximity of an outdoor shooting range. The argument is that the Planning Board failed to take the requisite hard look at the dangers posed by such approvals. Further, the fact that Petitioner's use of its property is non-conforming establishes that such use must be constitutionally protected under New York law." The applicant's attorney believes there to be a fair chance at successfully challenging the proposed development, as he alleges that many of the required zoning and environmental regulatory procedures governing the approval of new developments were not followed. The applicant's attorney informs that:

"A positive result in this matter would have the widespread favorable impact of establishing precedent that a Lead Agency must take a hard look at minimizing environmental damage inherent in developing homes, facilities, and/or buildings in close proximity to an outdoor gun range in order to comply with SEQRA.

This precedent would go a long way in protecting established gun ranges from the continued encroachment of suburbia." The defendants have filed a counter suit, seeking an injunction to have the club shut down for safety reasons and asserting a breach of contract claim. The applicant's attorney informs that he will be filing a summary judgment motion to have the counter-suit dismissed.

Knife Rights, Inc., John Copeland, Pedro Perez Counsel's letter of March 13, 2012, informed that this is a challenge, on Fourteenth Amendment vagueness grounds, to New York City's enforcement of state laws that prohibit "switchblade" and "gravity" knives. The complaint was filed in the U.S. District Court for the Southern District of New York on June 9, 2011. The court dismissed the lawsuit based on plaintiffs' lack of standing. It held that no plaintiff alleged a "concrete, particularized, and actual or imminent" injury that would be "redressable by a favorable ruling." A motion for reconsideration was denied on November 20, 2013. The dismissal was appealed. Appellants' brief was filed in the U.S. Court of Appeals for the Second Circuit on May 15, 2014, and the reply brief on August 28, 2014. On September 23, 2015, the United States Court of Appeals for the Second Circuit affirmed the District Court's holding that the organizations Knife Rights and Knife Rights Foundation do not have standing, but vacated and remanded the District Court's holding as to Copeland, Perez, and Native Leather, finding those plaintiffs sufficiently alleged an injury in fact to satisfy standing.

North Carolina

Shannon Whisnant On or about February 6, 2014, Mr. Whisnant went to a Wells Fargo Bank branch location in Seaboard, N.C., for a previously scheduled appointment with a banker in order to open a new account. Arriving at approximately 8:53 a.m., Mr. Whisnant exited his pickup truck, and after

briefly approaching the front of the bank building, realized that the bank did not open until 9:00 a.m. At this time he turned around and returned to his vehicle where he planned to wait for several minutes until the bank opened. A teller inside the bank witnessed Mr. Whisnant approach the bank and then turn around, and allegedly believed she saw a handgun in his right hand. This teller alerted other bank staff and called the police. At approximately 9:00 a.m., Mr. Whisnant again exited his vehicle, along with his mother, and approached the bank. He was not armed and carried only banking-related papers in his hands. The police arrived shortly after 9:00 a.m. to find Mr. Whisnant peacefully standing in front of the bank. Mr. Whisnant was compliant when police ordered him to the ground and detained him. Mr. Whisnant was questioned at the scene without first being *Mirandized*, and his vehicle was searched without a warrant. Inside Mr. Whisnant's vehicle, police found a handgun located partially under the driver's seat. Surveillance video purportedly captured the entire incident. Mr. Whisnant was charged with Going Armed to the Terror of the People and Carrying a Concealed Weapon, a misdemeanor. He was subsequently ordered to surrender all of his weapons while the case was pending. At a bench trial on May 5, 2015, Mr. Whisnant was convicted of the abovementioned charge. Although surveillance video allegedly captured Mr. Whisnant's peaceable demeanor, bank staff testified that he rattled the doors of the bank while holding a gun. The arresting officer admitted to questioning Mr. Whisnant without the benefit of his *Miranda* rights, and to searching his vehicle without a warrant. Despite this admission, no evidence was excluded and the trial judge found Mr. Whisnant guilty, stating "a reasonable person should know that if you bring a gun onto the property of a bank you are going to scare people." Upon conviction, Mr. Whisnant immediately filed his notice of appeal to Superior Court, and his case was to be heard in the closing months of 2015. Counsel strongly believes that, if unsuccessful in Superior Court, this case would merit an appeal to the North Carolina Court of Appeals, based mainly on Mr. Whisnant's constitutional right to openly carry a firearm in North Carolina.

Ohio

Ohio Sportsmen-Farmers League, Buckeye Outdoors Youth Education & Shooting Center, Inc., and Chippewa Trapshooting Club This is an effort by Copley Township to shut down a shooting range based on noise. Ohio has a range protection statute. On December 4, 2013, the defendants filed an answer to Copley Township's complaint in the Court of Common Pleas of Summit County.

Pennsylvania

Johnathan Yox Mr. Yox is federally prohibited from possessing a firearm due to a juvenile commitment. Post-commitment, Mr. Yox served in the U.S. Army and was honorably discharged in 2012. The Lancaster County Court of Common Pleas restored his state right to keep and bear arms, however they ruled that they do not have authority to cure his federal disability. An action in federal district court is being filed challenging the constitutionality of his firearms disability. Due to many similarities with the Michael Keyes (Pennsylvania) case, this case and that of Mr. Keyes have recently been combined into one action—*Keyes, et al., v. Holder, et al.*, Docket No. 1:15-CV-00457. Further litigation is pending.

John Current Mr. Current, an NRA Life Member, attended a party at his son's dojo where earlier in the day Mr. Current tested for his black belt. While at the party, Mr. Current had several drinks and got into a disagreement with some individuals at the party. Mr. Current's son arrived to drive his father home. Mr. Current had a handgun in the trunk of his vehicle at the party and was concerned about the firearm being left behind. Later that evening the police arrived at the home, confiscated Mr. Current's firearms and took him into custody under a Petition pursuant to Section 302 of the Pennsylvania Mental Health Procedures Act. Mr. Current was examined by a female nurse within the two hours as prescribed by Pennsylvania law. A doctor, who did not examine Mr. Current, signed a 302 commitment against him. Following discharge and





further independent examinations, counsel for Mr. Current filed a Petition for Restoration of Firearms Rights and for Review and a hearing was held. The petition was subsequently denied. Counsel believes the superior court will be in a position to reverse the trial court's order, once written. The issues are whether the trial judge erred in failing to grant the Petition for Restoration of Firearms Rights for Offense under prior laws of the Commonwealth and whether the trial judge erred in failing to grant the Petition for Review.

David Titus On October 15, 1979, Mr. Titus pled guilty in Maryland to resisting arrest, an uncharacterized common law misdemeanor at the time, and was sentenced to a 60-day suspended jail sentence, one year of probation, and a \$500 fine. Maryland later codified the crime of resisting arrest and it now carries a maximum sentence of incarceration for up to three years. In 2013, Mr. Titus attempted to purchase a firearm in Pennsylvania. The background check conducted through the Pennsylvania Instant Check System (PICS) revealed the 1979 conviction, and the firearm purchase was denied. Mr. Titus submitted a PICS challenge in May 2013 to the Pennsylvania State Police, which was denied. Mr. Titus then challenged the Pennsylvania State Police denial during a subsequent hearing before an administrative law judge. The administrative law judge denied Mr. Titus' request for relief. Under the Federal Gun Control Act, anyone who has been convicted of a misdemeanor punishable by imprisonment of more than two years is denied the right to possess a firearm. 18 U.S.C. §§ 921(a)(20)(b) and 922(g)(1). According to the Pennsylvania State Police, while there was no maximum sentence for common law misdemeanors in 1979, theoretically Mr. Titus could have received a sentence of more than two years, as a contemporaneous resisting arrest case resulted in a sentence of three years in prison. Mr. Titus contends that he is no longer ineligible to purchase a firearm under the Federal Gun Control Act, as his gun rights in Maryland have been fully restored following his 1979 misdemeanor conviction. On August 5, 2015, a Pennsylvania Commonwealth Court overturned and remanded the denial, stating that it was clear Mr. Titus had his full Maryland gun rights restored, and that therefore the restoration of his federal gun rights would hinge on him presenting appropriate evidence that his other civil rights had been restored in Maryland. If so, this would result in the restoration of his federal firearms rights.

The applicant's attorney expects that the Pennsylvania State Police will ask for a rehearing by the Commonwealth Court, or appeal to the Pennsylvania Supreme Court. Even if the case is not appealed, additional proceedings before an administrative law judge will be necessary to examine the complete restoration of Mr. Titus's civil rights in Maryland.

Texas

Bob Arwady Mr. Arwady owned and operated Arwady Sales, a Federal Firearms Licensee (FFL), between 1989 and 2007. During this time, Mr. Arwady had a very antagonistic relationship with the Bureau of Alcohol, Tobacco, Firearms, and Explosives (BATFE). This included a 1998 indictment, and subsequent acquittal, on charges arising from record keeping violations alleged during the course of a 1996 ATF compliance inspection. In 2004, Arwady Sales was again the subject of a BATFE compliance inspection, and again record keeping violations were alleged by the BATFE. These allegations included five missing silencers and more than 600 missing firearms. Mr. Arwady claims that these record keeping discrepancies, as well as those that caused the 1998 indictment mentioned above, were due to a dishonest employee who had worked at Arwady Sales from 1991 to 1998. This employee had allegedly been falsifying the business's records in order to cover the fact that he had been stealing from the business. Despite Mr. Arwady's best efforts to reconcile the discrepancies alleged by the BATFE (including accounting for all but 30 of the over 600 missing firearms), in 2006 Mr. Arwady was notified that the BATFE would not be renewing Arwady Sales' FFL. Mr. Arwady appealed this decision at an administrative hearing, where he was denied, and then to the United States District Court for the Southern District of Texas, where he was also unsuccessful. Before his next appeal could be heard in the United States Court of Appeals for the Fifth Circuit, Mr. Arwady withdrew his appeal and closed Arwady Sales. Mr. Arwady continued to run another business at the same location, selling ammunition, and firearms accessories. At the time Arwady Sales closed, there were roughly 150 firearms left in inventory. Based on BATFE regulations and federal law, Mr. Arwady believed it to be legal for him to transfer these firearms

into his personal collection, and then sell most of them. He began to do this shortly thereafter, offering the firearms for sale on the internet, while storing them in safes at his business. His attorney notes that Mr. Arwady never displayed any of these firearms for sale at the business. In July 2009, the BATFE executed search warrants on Mr. Arwady's business, residence and vehicle, seizing 165 firearms, and subsequently commencing civil forfeiture proceedings against the firearms. These proceeding were later dismissed based on a mutual agreement of the parties. However, in February 2014, a federal grand jury in Houston returned an eight count indictment against Mr. Arwady, which included a "notice of forfeiture," for 162 of the 165 firearms. In October 2015, a court dismissed six of eight counts in an indictment against Mr. Arwady, and he was found not guilty of the remaining two counts on October 21, 2015. The court also ordered the return of the 165 firearms that were seized. This matter may now be considered closed.

Vermont

Upper Valley Fish & Game Club, Inc. The club leases 176 acres from the Town of Thetford for a small fee, as the land is used for non-commercial, public use. The second 20-year lease was set to expire in 2015. There is opposition to the renewal of the lease. Proposals have been made to impose certain conditions on the club in order for the club to renew the lease, including noise reduction, limiting the types of firearms that can be used there, limiting hours and days of operation, environmental cleanup obligations, and more. If imposed, these conditions would make it impossible for the range to operate successfully. Funds will be used to obtain strategic legal guidance during the lease renewal negotiations and pre-litigation preparation.





The NRA Civil Rights Defense Fund offers many flexible options for individuals, organizations, and companies to support the Fund's work through charitable giving. Call 1-877-NRA GIVE (1-877-672-4483) for details on the options available. These include:

Direct Contribution

By check or credit card, this is the easiest way to contribute to the Fund.

Online Contribution

Through our secure server, cyber donors are giving to the Fund by visiting www.nradefensefund.org.

Matching Gifts

Many corporations will match their employees' gifts to charitable organizations, effectively doubling or tripling your charitable contribution. Donors should check with their personnel office and follow directions to initiate a match. For a complete list of companies, contact the Office of Advancement at 877-NRA-GIVE.

Gifts of Stocks, Bonds, and Other Securities

The NRA Civil Rights Defense Fund welcomes gifts of stocks, bonds, and other securities. A gift of appreciated securities allows you to take an income tax deduction for the fair market value of the asset to the extent allowable by law, regardless of the original purchase price.

Workplace Giving Campaigns

Workplace giving campaigns offer a convenient way to make payroll deduction contributions to the NRA Civil Rights Defense Fund. In 2015, donors contributed generously through workplace giving campaigns. These contributions represent support from thousands of individual employees across the country, and in the case of federal employees, around the world. Workplace giving campaigns include the Combined Federal Campaign (CFC); State, City, and Local Government Campaigns; The United Way Campaign and other workplace giving programs.

COMBINED FEDERAL CAMPAIGN (CFC #10006)

The Combined Federal Campaign is the only authorized solicitor of employee contributions in the federal workplace. The NRA Civil Rights Defense Fund is considered a National Unaffiliated Organization and can be found in that section of the CFC campaign booklet. The NRA Civil Rights Defense Fund currently receives donor designations from more than 200 federal workplace campaigns.

STATE, CITY, & LOCAL GOVERNMENT EMPLOYEE CAMPAIGNS

Employees of these agencies may also contribute to the NRA Civil Rights Defense Fund at their workplace if the Fund meets the agencies' eligibility criteria. Specifically designating the Fund in campaigns where eligibility has not yet been determined is often the catalyst for the Fund becoming eligible.

Tribute Gifts

Through a Special Tribute gift, your thoughtfulness can help sustain our Second Amendment freedoms for the future, while serving as a fitting tribute to an individual who has cherished these freedoms throughout their life. Special Tribute gifts can be made in memory of a deceased loved one, to celebrate a special occasion, or in honor of an important accomplishment.

Wills and Bequests

After personal and family needs are met, donors can bequeath a specific amount or a percentage of their remainder estate to the NRA Civil Rights Defense Fund. Contributions by bequest are deductible from the taxable estate as a charitable gift. As an alternative, the NRA Civil Rights Defense Fund can be named a contingent beneficiary in the event the first-named beneficiary(ies) should not live to receive the inheritance. If your will is already prepared, a simple codicil (a supplement or addition) can be added to the existing document.

Since local laws differ, a professional advisor should be contacted for the preparation of all wills and trusts. As a reference, the NRA Civil Rights Defense Fund recommends that members and friends consider the following language for use in their wills.

General bequest language is as follows: I give, devise, and bequeath to the NRA Civil Rights Defense Fund, 11250 Waples Mill Road, Fairfax, Virginia 22030, the sum of \$_____ (or here otherwise describe the gift) for its general purposes as such shall be determined by its Board of Trustees.

Bequest language to benefit the NRA Civil Rights Defense Fund endowment is as follows: I give, devise, and bequeath to the NRA Civil Rights Defense Fund, 11250 Waples Mill Road, Fairfax, Virginia 22030, the sum of \$_____ (or here otherwise describe the gift) for the NRA Civil Rights Defense Fund Endowment.

Other Planned Giving

The Fund offers several other options in addition to wills and bequests for individuals to make a planned gift. An individual can provide a bright future for our firearms heritage through trusts, or through charitable gift annuities which can provide the donor needed income and a generous tax deduction. The Fund stands ready to assist you in the selection of what type of gift will work best to help you meet your charitable giving goals.

Contributions to the NRA Civil Rights Defense Fund are tax-deductible to the fullest extent of the law. The Fund is recognized as a 501(c)(3) entity under the Internal Revenue Code.

The Fund's mailing address is: 11250 Waples Mill Road, Fairfax, Virginia 22030. Credit card contributions may be made by telephoning 1-877-NRA GIVE (1-877-672-4483), or make an online contribution through our secure server by visiting www.nradefensefund.org.

ADVANCEMENT TEAM

To learn more about how you can ensure the Fund's future with a planned or strategic gift, contact the Advancement Officer for your region or state, or please call (877) NRA-GIVE (672-4483).

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Report of Independent Auditors

To the Board of Trustees

NRA CIVIL RIGHTS DEFENSE FUND

Report on the Financial Statements

We have audited the accompanying financial statements of the NRA Civil Rights Defense Fund (the Fund) which comprise the statements of financial position as of December 31, 2015 and 2014, 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 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 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 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 auditor's 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 the NRA Civil Rights Defense Fund as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

McLean, Virginia

March 8, 2016

NRA Civil Rights Defense Fund

Statements of Financial Position

AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
Assets		
Cash	\$ 718,196	\$ 695,146
Investments	3,039,444	2,994,288
Pledges and contributions receivable, net	168,310	306,504
Due from affiliates	1,375,087	1,361,882
Other assets	73,654	73,956
Split interest agreements	617,808	675,625
Total assets	\$ 5,992,499	\$ 6,107,401
Liabilities		
Accounts payable	\$ 109,903	\$ 54,695
Annuities payable	147,879	110,091
Total liabilities	257,782	164,786
Net Assets		
Unrestricted:		
Designated	478,727	500,934
Undesignated	2,384,936	2,224,683
Temporarily restricted	1,307,286	1,614,376
Permanently restricted	1,563,768	1,602,622
Total net assets	5,734,717	5,942,615
Total liabilities and net assets	\$ 5,992,499	\$ 6,107,401

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.





NRA Civil Rights Defense Fund

Statement of Activities

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support				
Contributions	\$ 619,247	\$ 85,726	\$ 8,347	\$ 713,320
Net investment income	(86,975)	(33,131)	(1,688)	(121,794)
Change in value of split interest agreements	—	10,197	(45,513)	(35,316)
Other	—	—	—	—
Net assets released from restrictions	369,882	(369,882)	—	—
Total revenue and other support	902,154	(307,090)	(38,854)	556,210
Expenses				
Program	580,121	—	—	580,121
Administrative	177,242	—	—	177,242
Fundraising	6,745	—	—	6,745
Total expenses	764,108	—	—	764,108
Change in Net Assets	138,046	(307,090)	(38,854)	(207,898)
Net Assets				
Beginning of year	2,725,617	1,614,376	1,602,622	5,942,615
End of year	\$ 2,863,663	\$ 1,307,286	\$ 1,563,768	\$ 5,734,717

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NRA Civil Rights Defense Fund

Statement of Activities

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support				
Contributions	\$ 1,264,352	\$ 38,408	\$ 13,533	\$ 1,316,293
Net investment income	56,496	105,666	4,318	166,480
Change in value of split interest agreements	—	18,806	79,649	98,455
Other	33	—	—	33
Net assets released from restrictions	231,647	(231,647)	—	—
Total revenue and other support	1,552,528	(68,767)	97,500	1,581,261
Expenses				
Program	1,241,763	—	—	1,241,763
Administrative	69,024	—	—	69,024
Fundraising	90,200	—	—	90,200
Total expenses	1,400,987	—	—	1,400,987
Change in Net Assets	151,541	(68,767)	97,500	180,274
Net Assets				
Beginning of year	2,574,076	1,683,143	1,505,122	5,762,341
End of year	\$ 2,725,617	\$ 1,614,376	\$ 1,602,622	\$ 5,942,615

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.





NRA Civil Rights Defense Fund

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities		
Change in net assets	\$ (207,898)	\$ 180,274
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Increase (decrease) in provision for losses on pledges receivable	64,000	(2,000)
Net increase in investment in endowment	(11,993)	(32,273)
Net unrealized loss on investments	180,947	103,634
Net realized loss (gain) on investments	44,320	(148,726)
Decrease (increase) in value of split interest agreements	35,316	(98,455)
Changes in operating assets and liabilities:		
Decrease in pledges and contributions receivable	74,194	46,820
(Increase) decrease in amounts due from affiliates	(13,205)	36,068
Decrease (increase) in other assets	302	(56,100)
Increase (decrease) in accounts payable	55,208	(38,532)
Net cash provided by (used in) operating activities	221,191	(9,290)
Cash Flows From Investing Activities		
Purchases of investments	(1,042,323)	(1,831,365)
Proceeds from sales of investments	771,900	1,793,552
Net cash used in investing activities	(270,423)	(37,813)
Cash Flows From Financing Activities		
Proceeds from contributions restricted for:		
Investment in endowment	11,993	32,273
Investments subject to new annuity agreements	69,817	3,752
Payments on annuity obligations	(9,528)	(12,445)
Net cash provided by financing activities	72,282	23,580
Net Increase (Decrease) In Cash	23,050	(23,523)
Cash		
Beginning of year	695,146	718,669
End of year	\$ 718,196	\$ 695,146

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.



I. Nature of Activities and Significant Accounting Policies

NRA Civil Rights Defense Fund (the “Fund”) was organized on July 22, 1978, as a nonprofit organization to voluntarily assist in the preservation and defense of the human, civil, and/or constitutional rights of the individual to keep and bear arms in a free society. The Fund receives the majority of its operating funds from general contributions.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Classification of Net Assets

To identify the observance of limitations and restrictions placed on the use of the resources available to the Fund, the accounts of the Fund are maintained in three separate classes of net assets: unrestricted, temporarily restricted and permanently restricted, based on the existence or absence of donor-imposed restrictions.

Unrestricted net assets represent resources that are not restricted by donor-imposed stipulations. They are available for support of the Fund’s general operations. Certain amounts have been designated by the Board of Trustees for specific purposes.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Fund is limited by donor-imposed stipulations. These restrictions are temporary in that they either expire by passage of time or can be fulfilled and removed by actions of the Fund pursuant to those stipulations.

Permanently restricted net assets represent endowment contributions and other inflows of assets whose use by the Fund is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of the Fund pursuant to those stipulations.

Concentration of Credit Risk

The Fund maintains its cash accounts in one commercial bank located in the Washington, DC, metropolitan area. During the normal course of business,

the Fund may have funds on deposit exceeding the insurance limits of the Federal Deposit Insurance Corporation. The Fund’s policy is to deposit these funds in only financially sound institutions. Nevertheless, these deposits are subject to some degree of credit risk, although the Fund has not experienced any such losses.

The Fund invests in a professionally managed portfolio that primarily contains money market funds, equity securities, and fixed income securities. 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, equity securities, and fixed income securities which are carried at fair value, as determined by an independent market valuation service using the closing prices at the end of the period. 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 revenue and other support in the statements of activities.

Pledges and Contributions Receivable

Pledges and contributions receivable consist of irrevocable and measurable bequest proceeds due to the Fund and donor promises to give in future periods, over a period of one to five years. An allowance for uncollectible pledges and contributions receivable is provided based upon management’s judgment of potential defaults.

Split Interest Agreements

The Fund is the beneficiary under two charitable remainder unitrust agreements. Under the terms of the agreements, the Fund has the irrevocable right to receive a portion of the remaining trust assets upon expiration of the trusts. Split interest agreements are recorded as an asset based on the actuarially computed value as of the end of each year. The difference between the amount received for the agreement and its actuarially computed value is recorded as revenue. The receivable from the trusts have been recorded at the present value of estimated cash flows, discounted by rates ranging from 2.27% to 2.67% for the year ended December 31, 2015 and 2.17% to 2.47% for the year ended December 31, 2014 and incorporated future life expectancies of 10 and 14 for the year ended December 31, 2015 and 11 and 15 for the year ended December 31, 2014.



Annuities Payable

Donors have established and funded gift annuity contracts. Under terms of the contracts, the Fund has the irrevocable right to receive the remaining contract assets upon termination of the contract. Annuity contracts are recorded as a liability based on the actuarially computed value at the time of gift. The difference between the amount received for the contract and its actuarially computed value is recorded as revenue. For both the years ended December 31, 2015 and December 31, 2014 the discount rate applied ranged from 1.4% to 3.2%.

Outstanding Legacies

The Fund is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Fund's share of such amounts is not recorded until the Fund has an irrevocable right to the bequest and the proceeds are measurable.

Revenue Recognition

Contributions, whether unrestricted or restricted, are recognized as revenue upon notification of the gift or pledge and classified in the appropriate net asset category. When the temporary restrictions specified by the donor are met by the Fund, temporarily restricted contributions are released from restriction and are recognized in the unrestricted net asset category.

Tax Status

The Fund is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes. In addition, the Fund is not classified as a private foundation.

The Fund 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 Fund 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 Fund's tax positions and concluded that the Fund had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Generally,

the Fund is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2012, which is the standard statute of limitations look-back period.

Subsequent Events

The Fund evaluated subsequent events through March 8, 2016, which is the date the financial statements were available to be issued.

2. Investments

Investments, at fair value, as of December 31, 2015 and 2014 consisted of the following:

	2015	2014
Money market	\$ 66,314	\$ 70,727
Equity securities	1,741,588	1,603,198
Fixed income securities	1,231,542	1,320,363
Total	\$ 3,039,444	\$ 2,994,288

Investment (loss) income is composed of the following:

	2015	2014
Interest/dividend income	\$ 103,473	\$ 121,388
Net realized (loss) gain on investments	(44,320)	148,726
Net unrealized loss on investments	(180,947)	(103,634)
Total	\$ (121,794)	\$ 166,480

3. Pledges and Contributions Receivable

At December 31, 2015 and 2014, donors to the Fund have unconditionally promised to give amounts as follows:

	2015	2014
Within one year	\$ 353,810	\$ 414,704
One to five years	5,500	18,800
	359,310	433,504
Less: allowance on pledges receivable	(191,000)	(127,000)
Total	\$ 168,310	\$ 306,504

Proceeds bequeathed and due to the Fund in the amount of \$75,000 and \$0 were included in contributions receivable at December 31, 2015 and 2014, respectively.

4. Commitments

Awards to reimburse legal costs in association with the Fund's mission are committed upon action of the Board, and subsequently become a liability once legal work has been performed. At December 31, 2015 and 2014, \$559,912 and \$457,051 have been committed, respectively. Legal costs incurred on Board approved actions, and therefore payable, at December 31, 2015 and 2014 were \$106,078 and \$50,870, respectively.

5. Fair Value Measurements

The Fund follows the Codification topic, *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. The type of investments included in Level 1 include listed equities and listed derivatives. As required by the Codification, the Fund does not adjust the quoted price for these investments, even in situations where the Fund holds a large position and a sale could reasonably impact the quoted price.

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. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

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. Investments that are included in this category generally include equity and debt positions in private companies and general and limited Fund interests in private investment funds, real estate funds, debt funds and distressed debt.

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 Fund'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 Fund performs a detailed analysis of the assets and liabilities that are subject to topic *Fair Value Measurement*. 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 Fund's short-term financial instruments, including 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 table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy.

	As of December 31, 2015			
	Total	Level 1	Level 2	Level 3
Available-for-sale equity securities:				
Consumer discretionary	\$ 53,272	\$ 53,272	\$ —	\$ —
Consumer staples	21,885	21,885	—	—
Energy	2,202	2,202	—	—
Financial services	15,611	15,611	—	—
Healthcare	55,224	55,224	—	—
Industrials	20,698	20,698	—	—
Information technology	68,574	68,574	—	—
Materials	2,221	2,221	—	—
Multi-strategy mutual funds	1,495,844	1,495,844	—	—
Stock funds – commodities	4,086	4,086	—	—
Real estate	1,971	1,971	—	—
Total available-for-sale equity securities	1,741,588	1,741,588	—	—
Available-for-sale fixed income securities:				
U.S. Treasury security funds	603,002	603,002	—	—
Multi-strategy bond funds	628,540	628,540	—	—
Total available-for-sale fixed income securities:	1,231,542	1,231,542	—	—
Money market	66,314	66,314	—	—
Split interest agreements	617,808	—	—	617,808
Total	\$ 3,657,252	\$ 3,039,444	\$ —	\$ 617,808

As of December 31, 2014				
	Total	Level 1	Level 2	Level 3
Available-for-sale equity securities:				
Consumer discretionary	\$ 55,942	\$ 55,942	\$ —	\$ —
Consumer staples	9,650	9,650	—	—
Energy	2,343	2,343	—	—
Financial services	5,921	5,921	—	—
Healthcare	43,083	43,083	—	—
Industrials	15,029	15,029	—	—
Information technology	62,789	62,789	—	—
Materials	3,583	3,583	—	—
Multi-strategy mutual funds	1,400,006	1,400,006	—	—
Stock funds – commodities	2,831	2,831	—	—
Real estate	2,021	2,021	—	—
Total available-for-sale equity securities	1,603,198	1,603,198	—	—
Available-for-sale fixed income securities:				
U.S. Treasury security funds	582,720	582,720	—	—
Multi-strategy bond funds	737,643	737,643	—	—
Total available-for-sale fixed income securities:	1,320,363	1,320,363	—	—
Money market	70,727	70,727	—	—
Split interest agreements	675,625	—	—	675,625
Total	\$ 3,669,913	\$ 2,994,288	\$ —	\$ 675,625



Money market funds, equity securities and fixed income securities are classified as Level 1 instruments, as they are actively traded on public exchanges.

Split interest agreements are classified as Level 3 instruments, as there is no market for the Fund's interest in the trusts. Further, the Fund's asset is the right to receive cash flows from the trusts, not the assets of the trusts themselves. Although the trust assets may be investments for which quoted prices in an active market are available, the Fund does not control those investments.

For assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3), *Fair Value Measurement* requires reconciliation of the beginning and ending balances, separately for each major category of assets and liabilities, except for derivative assets and liabilities, which may be presented net. The table below represents the reconciliation of the Fund's assets measured at fair value on a recurring basis using significant unobservable inputs:

	2015	2014
Split interest agreements, beginning of year	\$ 675,625	\$ 584,560
Change in value	(57,817)	91,065
Split interest agreements, end of year	\$ 617,808	\$ 675,625

6. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2015	2014
Program awards	\$ 947,321	\$ 928,007
Endowment earnings—general operations	144,105	232,320
Other, including passage of time	215,860	454,049
Total	\$ 1,307,286	\$ 1,614,376

The Fund 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. The Fund includes all permanently restricted funds, as well as certain temporarily restricted and Board designated quasi-endowment funds in its endowments. The Management of the Fund has interpreted UPMIFA as requiring the preservation of the fair value of original endowment assets 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 Fund 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. The remaining portion of donor-restricted endowment funds not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Fund in a manner consistent with the standard of prudence prescribed by UPMIFA. Board designated endowment funds are classified in unrestricted net assets until utilized by the Fund for the Board designated purpose. In accordance with UPMIFA, the Fund considers the following factors in making a determination to appropriate or accumulate donor-restricted and/or Board designated endowment funds:

- The duration and preservation of the endowment fund
- The purposes of the Fund, donor-restricted endowment and/or Board designated 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 Fund
- The investment policies of the Fund

The Fund has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowment while seeking to maintain purchasing power of the endowment assets. The investment policy of the Fund is to achieve, at a minimum, a real (inflation adjusted) total net return that exceeds spending policy requirements. Investments are diversified both by asset class and within asset classes. The purpose of diversification is to minimize unsystematic risk and to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total portfolio. The amount appropriated for expenditure from permanent endowments ranges from 1% to 5% of the endowment fund's fair value as of the end of the preceding year, as long as the value of the endowment does not drop below the original contribution(s). The amount appropriated for temporary and Board designated endowments are made in accordance with donor stipulations and Board designations, respectively. All earnings of permanent and temporary endowments are reflected as temporarily restricted net assets until appropriated for expenditure in the form of program spending. The income on permanently restricted net assets is generally available for the purpose of awarding exemplary activities in support of the Right to Keep and Bear Arms.

The changes in endowment net assets for the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 400,934	\$ 1,133,556	\$ 1,602,622	\$ 3,137,112
Interest and dividends, net	9,446	48,330	1,251	59,027
Net depreciation	(20,010)	(77,158)	(48,452)	(145,620)
Contributions	3,357	—	8,347	11,704
Amount appropriated for expenditure	(15,000)	(64,415)	—	(79,415)
Endowment net assets, end of year	\$ 378,727	\$ 1,040,313	\$ 1,563,768	\$ 2,982,808
Donor-restricted endowments	\$ —	\$ 1,040,313	\$ 1,563,768	\$ 2,604,081
Board designated endowment	378,727	—	—	378,727
Total endowments	\$ 378,727	\$ 1,040,313	\$ 1,563,768	\$ 2,982,808

	December 31, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 234,615	\$ 1,091,635	\$ 1,505,122	\$ 2,831,372
Interest and dividends, net	6,223	51,286	1,106	58,615
Net appreciation	10,376	49,565	82,861	142,802
Contributions	149,720	—	13,533	163,253
Amount appropriated for expenditure	—	(58,930)	—	(58,930)
Endowment net assets, end of year	\$ 400,934	\$ 1,133,556	\$ 1,602,622	\$ 3,137,112
Donor-restricted endowments	\$ —	\$ 1,133,556	\$ 1,602,622	\$ 2,736,178
Board designated endowment	400,934	—	—	400,934
Total endowments	\$ 400,934	\$ 1,133,556	\$ 1,602,622	\$ 3,137,112

The related assets are included in investments, amounts due from affiliates, and split interest agreements.



7. Board Designated Net Assets

Unrestricted board designated net assets are available for the following purposes:

	2015	2014
Cases of emergency or national importance crucial to the Second Amendment	\$ 420,662	\$ 421,720
Educational and scholarly purposes of civil and constitutional rights	58,065	79,214
Total	\$ 478,727	\$ 500,934
Quasi-endowment funds	\$ 378,727	\$ 400,934
Other unrestricted funds	100,000	100,000
Total	\$ 478,727	\$ 500,934

8. Related Parties

The Fund is affiliated with the National Rifle Association of America (“NRA”) by virtue of the control vested in the Board of Directors of the NRA to appoint the members of the Board of Trustees of the Fund. The Fund has received certain benefits from this affiliation at no cost, among which are the use of office space and administrative services. Management has determined that the fair value of these benefits is minimal, and accordingly, no amounts are reflected in these financial statements.

The Fund reimburses the NRA for general operating expenses, paid by the NRA on the Fund’s behalf. These expenses totaled \$68,361 and \$104,610 for the years ended December 31, 2015 and 2014, respectively.

The NRA Foundation, Inc., an affiliated entity, maintains certain endowments to benefit the Fund. Additionally, the NRA Foundation, Inc. maintains gift annuities benefiting the Fund.

The following amounts were due from (to) affiliates at December 31:

	2015	2014
NRA Foundation, endowment	\$ 1,164,725	\$ 1,242,687
NRA Foundation, gift annuities	198,248	177,434
NRA Foundation, other	15,915	15,277
Total NRA Foundation	1,378,888	1,435,398
NRA	(3,801)	(73,516)
Total affiliates	\$ 1,375,087	\$ 1,361,882

The NRA Civil Rights Defense Fund also distributes to libraries, public defender services, and other persons free books and law review articles for educational purposes, provides research grants, and conducts a student writing contest. Such activities are a public benefit. The recipients of research grants have resulted in the publication of scholarly writings, which end up in the public domain. Recent activities in this area include the following:

At the January 9, 2015, meeting **\$15,000** grant to Stephen Halbrook to fund various Second Amendment research and writing projects.

At the January 9, 2015, meeting **10,000** grant to David Hardy to fund various Second Amendment research and writing projects.

At the January 9, 2015, meeting **\$2,500** FFL Defense Research Center grant.

At the January 9, 2015, meeting **\$50,000** to Office of the NRA General Counsel to fund a law clerk position.

At the April 10, 2015, meeting **\$25,000** grant to the Independent Institute of Oakland for a book/communication project entitled *Gun Rights 2.0: Protecting the Cornerstone of a Free Society*, by Stephen Halbrook.

At the April 10, 2015, meeting **\$6,000** grant to David Hardy for the purpose of performing research at the William J. Clinton Presidential Library regarding that administration's documents on firearms policy.

At the April 10, 2015, meeting **\$1,500** grant to David Hardy for the purpose of retrieving, organizing, and donating Mike McNulty's Waco cover-up files to a university in Texas whose library is building a collecting on the Waco matter.

At the April 10, 2015, meeting **\$15,000** grant to David Hardy to fund various Second Amendment research and writing projects.

At the September 11, 2015, meeting **\$20,000** grant to David Hardy to fund various Second Amendment research and writing projects.

At the September 11, 2015, meeting **\$6,000** grant to David Hardy to fund litigation against the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) arising out of his FOIA requests.

NRA Civil Rights Defense Fund Writing Contest

For the 2015 Youth Essay Contest the Fund received 546 Senior entries and 34 Junior entries for 580 total essays. The students who made the submissions were enrolled in an elementary, junior high, or high school. Winners were selected by a committee made up of NRA Assistant General Counsel Skipp Galythly, NRA Assistant General Counsel Morgan Shields, Paralegal Steven Brantley, Paralegal Jackie Husar, and Paralegal Emily Freeman. Prizes are awarded in each category, as follows: First Place prizes are \$1,000; Second Place prizes, \$600; Third Place prizes, \$200; and Fourth Place prizes, \$100.

Congratulations to the following 2015 Winners!

Senior Category (Grades 9-12)

First Place: Bianca Antunez, Miami, FL

Second Place: Jaycey Beard, Eagle, CO

Third Place: Ian Nathaniel Peterson, Sharpsburg, GA

Fourth Place: Joshua Hano, Fitchburg, WI

Honorable Mentions

Jenna Tomarelli, Limerick, PA

Paige Bain-Vrba, Abrams, WI

Junior Category (Grades 8 and below)

First Place: Rachel Becker, Boyceville, WI

Second Place: Sylvia Nica, Cincinnati, OH

Third Place: James Corley Sanders, Trout, LA

Fourth Place: Taris Mister, Toledo, OH





The NRA Civil Rights Defense Fund, a tax-exempt 501(c)(3) fund founded by former NRA Director George S. Knight, has supported more than 1,000 cases involving the civil rights of firearm owners, including New Orleans' gun confiscations in the aftermath of Hurricane Katrina; the landmark Second Amendment case, *D.C. v. Heller*; and *McDonald v. Chicago* on whether the Second Amendment applies to the state and its local government.

If you would like more information about CRDF legal activities, contact NRA CRDF, 11250 Waples Mill Road, Fairfax, VA 22030-9400 or call 703-267-1250.

To make your tax-deductible contribution, please make checks payable to NRA CRDF. Mail your tax-deductible contribution to the NRA CRDF, P.O. Box 1884, Merrifield, VA 22116-9717 or make an online contribution through our secure server by visiting us online.

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