

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; and the landmark Second Amendment cases, *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 NRA CRDF, P.O. Box 1884, Merrifield, VA 22116-9717 or make an online contribution through our secure server by visiting us online.

The NRA Civil Rights Defense Fund works diligently to secure justice for law-abiding gun owners all across America. As a supporter of the Fund, you have our deep gratitude for making this precedential work possible. 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.

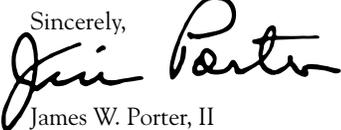
In the Litigation Activities section of this report, review the more than 30 different cases supported by the Fund in 2017 to correct the injustice that exists in our laws today.

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 educated 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 Combined Federal Campaign (CFC) or United Way payroll deductions. Our CFC number is 10006.

Please take the time to share this 2017 annual report with your friends and family. Ask them to step forward and make a commitment to secure their civil right to keep and bear arms across America.

On behalf of 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.

Sincerely,

James W. Porter, II
Chairman

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, 2017.

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.

The NRA Civil Rights Defense Fund makes numerous grants for legal assistance throughout the year for the representation of individuals and organizations where issues in litigation are directly related to the preservation of the human, civil, and constitutional rights of the individual to keep or bear arms. The attorneys representing the applicants for funding provided the below summarized information regarding these cases. Some of the cases granted money in 2017 include:

CALIFORNIA

Duncan v. Becerra. This case was filed in response to both a state bill and Proposition 63, which placed a ban on the possession of standard capacity magazines. The lawsuit challenges California's entire regulatory scheme against standard capacity magazines on the grounds that it violates the Second Amendment, the Due Process Clause, and Takings Clause of the United States Constitution. In June 2017, the judge stayed enforcement of the ban while the case is litigated. California has appealed that decision to the United States Court of Appeals for the Ninth Circuit. The matter is currently being briefed.

Flanagan, et al. v. Harris. The Ninth Circuit's en banc *Peruta* decision held that there was no Second Amendment right to carry a weapon concealed outside the home. After the *Peruta* decision, this lawsuit was filed in United States District Court for the Central District of California. It challenges California's entire carriage regulatory scheme: its regulations of concealed carriage and its ban on open carriage. The court granted the defendants' motions to dismiss the concealed carriage claims in light of *Peruta*. The case will, therefore, continue on the open-carry claims.

Mark Towns v. Raymond Harrell. Mr. Harrell has had a private shooting range on his property, which is zoned for agricultural and residential use, for many years. The plaintiff recently moved into the adjacent property. The plaintiff claims that the range is within 150 yards of his dwelling and that the range denies him full enjoyment of his property. The plaintiff filed complaints with the sheriff's department. Neither the sheriff's department nor the Sacramento County Zoning Department found any violations on Mr. Harrell's property. The plaintiff then filed a private nuisance lawsuit, alleging that Mr. Harrell is not in compliance with the county zoning ordinances.

Peruta v. San Diego. This lawsuit challenged California's requirement that an individual show "good cause" before he or she is able to obtain a permit to carry a concealed weapon under the Second and Fourteenth Amendments. The case addresses the issue of whether the right to "bear" arms includes a right to carry a handgun concealed in public.

Rupp, et al. v. Becerra. This suit was filed in response to two bills, both of which redefine California's "assault weapon" restrictions to include certain firearms that were previously required to be equipped with "bullet buttons." The lawsuit challenges California's entire "assault weapon" regulatory scheme as a violation of the Second Amendment, the Due Process Clause, and the Takings Clause of the United States Constitution.

DELAWARE

Bridgeville Rifle & Pistol Club v. Small, et al. Delaware state park and forest regulations prohibit the possession of firearms within state parks and forests, with the only exception being for hunting. This suit challenged those regulations on two grounds. First, the Delaware Constitution's right to keep and bear arms, which has a broader scope of protection than the federal Second Amendment thanks to a recent Delaware Supreme Court ruling (*Doe v. Wilmington Housing Authority*). Second, the regulations are preempted because the legislature occupied the field of firearms regulation, which overrides the Delaware Departments of Natural Resources' and Agriculture's broad statutory authority to manage state parks and forests. The Delaware Supreme Court ultimately held that the state constitution's right to keep and bear arms incorporated a right to carry firearms in public and that the prohibition on possessing a firearm in state parks and forests infringed on that right.

DISTRICT OF COLUMBIA

Grace v. District of Columbia. The District of Columbia currently requires an applicant for a concealed carry license to show "good reason" for the license before it will be issued. This restriction means that even when an applicant passes a background check and completes all other requirements,

issuance of their license may be, and in practice usually is, blocked at the discretion of the Metropolitan Police Department for a failure to demonstrate an “extraordinary need.” This requirement has resulted in a de facto ban on concealed carry in the District of Columbia. Suit was filed in December 2015 challenging the restrictive carry permit system. In 2017, the D.C. Circuit held that there is a right to carry a firearm in public for self-defense and the District’s requirement that an individual show that they have an extraordinary need to carry a firearm ran afoul of the Second Amendment.

FLORIDA

Dale Lee Norman v. State of Florida. Mr. Dale Lee Norman is a law-abiding citizen who had a concealed carry permit. On the day of his arrest, Mr. Norman had left his home with his firearm on his person, but his shirt got caught on the butt of his gun and the firearm was exposed. He did not realize that his firearm was in plain view. He was arrested, charged with, and convicted of violating Florida’s open carry ban. On March 2, 2017, the Florida Supreme Court held that the Second Amendment does not guarantee a right to carry a firearm openly in public and upheld his conviction for openly carrying a firearm on his person. His attorney filed a petition for a writ of certiorari to the United States Supreme Court. On November 27, 2017, the United States Supreme Court denied certiorari.

ILLINOIS

Chuck’s Gun Shop, et al. v. Cook County. This case challenged a firearm “violence tax” imposed by Cook County, Illinois in 2012. A group of gun dealers and customers filed suit to challenge the tax.

Guns Save Lives, et. al v. Zahra. This case challenged an ammunition “violence tax” similar to the gun tax imposed by Cook County, Illinois, in 2015.

INDIANA

Jefferson County, Indiana v. Joseph Chapo, Sherry Chapo, and Deputy Big Shot LLC. The Chapos own Deputy Big Shot LLC, the only public shooting range in Jefferson County. They were informed by local officials that a permit was required to operate their range. They then filed the required application, which was denied. A Zoning Enforcement Officer then served the Chapos with an enforcement order to discontinue the illegal use of the land, building, and structures. The County subsequently sought a court order to enjoin the Chapos from operating their range, which was ultimately issued. The Chapos are continuing to fight this order.

MARYLAND

Cresap Rifle Club, Inc. v. City of Frederick. Cresap Rifle Club is a not-for-profit handgun and rifle shooting range located in Frederick, Md. The City of Frederick currently owns the property where the range is located and has leased the property to the range since 1994. The City issued a notice of default letter to the range, alleging that bullet fragments are not being contained on the property. The City further alleged that the range’s system for bullet containment is insufficient, and that the range is, therefore, in breach of the lease agreement. The City also has alleged that automatic weapons are being used at the range by a sublessee—a police department—even though the lease specifically allows the use of automatic weapons by police departments. In response, the range was voluntarily closed. The NRA’s Range Technical Team surveyed the range and issued a report that contradicts the City’s claims. Cresap Rifle Club believes that the City of Frederick Police Department, which has a range located directly next to the applicant, wishes to evict the applicant in order to expand their own range.

Kolbe, et al. v. Hogan. This lawsuit is a challenge to Maryland’s ban on popular semi-automatic rifles and magazines with capacities in excess of ten rounds. The plaintiffs—a collection of Marylanders, firearms dealers, and advocacy groups—created a strong record demonstrating the 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 holding established by the D.C. Circuit in *Heller II* (upholding D.C.’s ban on so-called “assault weapons” and “high capacity magazines”).

The case was appealed to the Fourth Circuit. The Fourth Circuit 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 with instructions to re-hear the case and apply a strict scrutiny standard. The State then filed a motion for en banc review with a number of anti-gun amici, which were granted. The en banc court affirmed the district court in all respects. The majority opinion sets forth a novel standard that has not been adopted by any court and was never argued by the State. The plaintiffs were never given an opportunity to even argue, much less provide evidence, addressing the new standard, and the evidence the plaintiffs put in the record squarely contradicts the majority's resolution of its own test. The Supreme Court subsequently denied cert, even though this case set forth a novel test in the area of fundamental rights, created a circuit split as to the proper test, created a circuit split as to the breadth of the Second Amendment, and is contrary to established Supreme Court precedent.

Maryland Shall Issue, Inc., et al. v. Hogan, et al. This case challenges the Maryland Handgun Qualification License. Maryland currently requires all handgun purchasers to obtain a Handgun Qualification License that requires a formal class with live fire, fingerprinting, a background check, and payment of numerous fees, in addition to the background check and fees associated with any subsequent handgun purchase.

MASSACHUSETTS

Batty, et al. v. Albertelli, et al. In 2013, suit was filed on behalf of a group of Massachusetts gun owners against a number of county sheriffs for violation of the state's licensing laws. Chief among the complaints were extra statutory requirements and limits placed on carry permits at variance with state law and case law. Because of extensive changes in the law and local regulations by sheriffs, a second suit was filed and the original suit dismissed. The first case, although it did not lead to a final ruling, was very effective for gun owners. In the counties named in the original suits, unrestricted carry permit approval rates went from averages of 30-45% to 80-95%. The second case also has led to similar positive results for gun owners in the state, but the suit continues as to the remaining jurisdictions that refuse to properly issue licenses.

Lopez v. Massachusetts. Mr. Lopez was startled awake during a home invasion. After retrieving his gun from a secure storage container, as required by Massachusetts law, Mr. Lopez confronted the home invaders, firing his gun several times. His wife called the police and, once the area was secure, she went to a room with their child, away from the scene of the shooting. When police arrived, they called for Mr. Lopez to exit the house, so he opened his gun and left it on the floor of his living room rather than remove it from the scene of the shooting. Instead of being consoled or congratulated for defending his family, the police arrested him and initially charged him with two counts of assault with a weapon, one count of discharging a gun within 500 feet of a residence, and improper storage of a firearm. The first three counts were dismissed, and after further haggling by Mr. Lopez's counsel, the illegal storage charge was dropped as well. Cases of abusive criminal charges against honest citizens, like Mr. Lopez, are on the rise all over the country.

Worman, et al. v. Baker. In an editorial published in the *Boston Globe* days before the 2016 Democratic National Convention, State Attorney General Maura Healy announced—for the first time—a radical reinterpretation of Massachusetts's long standing gun ban that mirrors the 1994 Clinton federal gun ban that had been on the books in Massachusetts for approximately 20 years. She unilaterally declared almost every semiautomatic firearm on the market to be illegal under Massachusetts law. This case challenges her interpretation of the Massachusetts's law under the Second Amendment and the Due Process Clause.

MICHIGAN

The People of the State of Michigan v. Cortez Lamon Mack. Mr. Mack had an expired Concealed Pistol License, which he had applied to renew. In the meantime, he open carried his firearm, which is legal in Michigan, in a holster. While doing so, a police car happened to drive by. The officer noticed the handgun, and Mr. Mack was arrested, charged, and convicted of carrying a concealed weapon without a license. Mr. Mack appealed to the Michigan Court of Appeals, challenging the sufficiency of the evidence and also arguing that the statute was unconstitutionally vague "because the gun was clearly visible since the police saw it and knew it was a gun when they drove past him." Mr. Mack's attorney applied for leave to appeal to the Michigan Supreme Court. Mr. Mack's attorney requested that the NRA Civil Rights Defense Fund

file an amicus brief. On November 1, 2017, the Court granted the NRA Civil Rights Defense Fund's motion to file an amicus brief. If the appeal is granted, this case will ultimately set the standard for carrying a weapon "concealed."

MINNESOTA

Brian Winczewski v. The Township of Osage, Arthur Yliniemi, Osage Sportsmen's Club, Inc. f/k/a Osage Sportsman Club, Inc. The Osage Sportsmen's Club, Inc., is a shooting range that has been in existence since 1952. The plaintiff, who owns real estate adjoining the club's property, is trying to shut down the club via "a multi-faceted legal attack." First, the plaintiff challenged the County's grant of a conditional use permit to clear some trees on the shooting range. The challenge was successful because the County had failed to make the required findings when it had granted the conditional use permit. The plaintiff also filed a lawsuit against the Club and Osage Township. The suit contains 25 counts, including allegations of impropriety regarding a transaction between the Club and the Township; and unsubstantiated environmental, nuisance, and trespass claims.

NEW JERSEY

In re Appeal of the Application for a New Jersey Firearms Purchaser ID Card and Permit to Purchase a Handgun, Mark Scott v. Manchester Township Police Department.

In 2016, Mr. Scott was diagnosed as legally blind due to dystrophies that caused a slow loss of his vision. He had, for decades previously, possessed a New Jersey firearms purchaser identification card for long arms. In 2016, he applied for three New Jersey permits to purchase a handgun. He explained his medical diagnosis on the forms, and provided doctor evaluations that found him safe to handle firearms. Nevertheless, the police chief denied his application, alleging, among other things, a disqualifying medical condition.

Subsequently, the police department requested that he "surrender" his New Jersey firearms purchaser identification card, which had last been issued to him in 2014, which he did. He appealed his denial to the County Superior Court, and then to the Appellate Division, which affirmed the denial—even though his doctor attested that he was capable of handling a firearm.

NEW YORK

Knife Rights, Inc., et al. v. Vance. This case is a challenge to the vague and unconstitutional manner in which the Manhattan District Attorney's Office and the New York City Police Department enforce New York State knife laws. The Defendants routinely arrest and prosecute individuals and businesses for possessing and selling ordinary pocket knives, falsely claiming that they are illegal "gravity knives." Under Defendants' approach to enforcement, it is impossible to know what knives are legal or illegal. The knife possession charges are also being used as a pretext to subsequently confiscate licensed, registered firearms from many of those who have been arrested (including some of the plaintiffs in this case).

New York State Rifle and Pistol Association, et al. v. City of New York, et al. After reducing most handgun permits issued by the city from full-carry to "premises only" over the course of decades, the New York City Police Department (NYPD) added further restrictions on premises permit holders. Now a premises permit holder can only transport a gun to ranges approved by the NYPD located within the five boroughs of New York City, with a small exception for hunting on New York State approved hunting land. This regulation, enforced by revocation of the person's firearm permit (forfeiture of all handguns and, essentially, a revocation of Second Amendment rights as to handguns), was put into place several years ago and is enforced on a case-by-case basis. This lawsuit challenges the law under the Second Amendment and the right to travel.

NORTH CAROLINA

Robert Navarro and the Caldwell Gun Club, LLC. In March 2016, the Caldwell Gun Club received a zoning compliance permit for a "private" gun club that was not to be used for "commercial purposes." Neither the permit nor the ordinance define a "private" gun club or the terms "private" or "commercial." Neighbors of the club filed a complaint with the zoning enforcement officer, who then revoked the club's zoning permit for non-compliance. On June 15, 2017, the Board of Adjustment voted to uphold the zoning administrator's decision rescinding the use permit, effectively shutting down operation of the shooting range. A petition for Certiorari to the Caldwell County Superior Court was filed, and a Writ of Certiorari was issued on July 26, 2017.

OHIO

Terry Lee Stimmel v. Jefferson B. Sessions III, et al.

On November 1, 1997, the applicant, Mr. Terry Stimmel, was arrested for domestic violence after a non-violent argument with his ex-wife. He pled no contest on November 6, 1997. He was never informed that he would be subject to a firearms disability. He did not receive any jail time and fully complied with the court's orders. He has been happily married to his current wife for twelve years and has not been arrested or convicted of a crime since the incident in 1997. He was subsequently informed by the BATFE that he was prohibited from possessing a firearm under 18 U.S.C. § 922(g)(9). He challenged § 922(g)(9) as unconstitutional under the Second Amendment and Equal Protection Clause, in the United States District Court for the Northern District of Ohio, Eastern Division.

PENNSYLVANIA

Doe, et al. v. Wolf, et al. Pennsylvania has enacted a mental health treatment scheme that allows physicians to commit citizens involuntarily for mental health treatment for up to five days without any judicial oversight. Pennsylvania law also prohibits anyone who has been involuntarily committed under this scheme from possessing firearms. The result is law-abiding citizens are divested of their Second Amendment rights without having basic due process rights, including the opportunity to go before a court, examine witnesses, or present a case. Suit was filed arguing that the deprivation of their Second Amendment rights, as a result of their involuntary commitments, violates the Due Process clause of the Fourteenth Amendment because it occurs without any due process whatsoever.

Michael Keyes and Johnathan Yox v. Loretta Lynch, et al.

Michael Keyes and Jonathan Yox were both temporarily committed for mental health observation. One was committed over stress resulting from his own divorce; the other was committed over stress resulting from his parents' divorce when he was 15. Neither one suffered from any further mental-health issues. Both went on to serve in the armed forces, and both served in law enforcement, one as a state trooper and the other as a corrections officer. Both routinely possess and carry firearms as terms of their military service and their careers in law enforcement and corrections. Nevertheless, both are prohibited from possessing

a firearm under state and federal law. The state does not provide them with any way to get relief from their disabilities. They each petitioned the United States District Court for the Middle District of Pennsylvania for federal firearms relief. The matters were consolidated into one action. The court found that as-applied to the plaintiffs, the prohibition on possession of firearms by persons who were committed for mental health treatment violated the Second Amendment. The government could not justify the prohibition because it had subsequently given both plaintiffs firearms as a part of their military service and careers in law enforcement and corrections.

VERMONT

Laberge Shooting Range. Laberge & Sons, Inc., has operated a shotgun range in Charlotte, Vt., for approximately sixty years. The range is available for use by the shooting public at no charge. The range's activities have been protected under Vermont's range protection statute and have thus far avoided regulation under Vermont's development laws. Two years ago, the plaintiffs alleged that changes to the range—the construction of one new shooting bench, the repair of six existing benches, the erection of three small berms, and the continued collection of donations—justify the elimination of its grandfathered status, which, in turn, strip it of its protection from noise related claims. If these minimal changes trigger removal of a range's grandfathered status, then no range in Vermont will be able to make any repairs to its facility or make minor improvement to their property without abandoning its protection from nuisance actions.

North Country Sportsman's Club, Inc. v. The Town of Williston, Vermont.

North Country Sportsman's Club, Inc., has operated a shotgun range in the Town of Williston, Vt., for approximately 50 years. Under the Vermont range protection statute, local municipalities may not "prohibit, reduce, or limit discharge at any existing sport shooting range." Vt. Stat. Ann. tit. § 2291(8) and § 5227. The club entered into an agreement with the Town of Williston, limiting the club's hours of operation, reducing the number of events at the club, and requiring the club to provide advance notice to the Town of any special events. This agreement automatically renewed each year, and could be cancelled via notice by either party. In 2014, the Town asked the club to renegotiate the agreement. The new agreement proposed by the Town sought to further limit the club's hours of operation and the number of special events. The club did not agree to these new terms, and no new agreement was executed

by the parties. Shortly after the Agreement was terminated in 2015, the Town cited the club for violation of the Town's Noise Ordinance. The Town contended that in the absence of an agreement as to operating hours, the club was subject to the noise ordinance, that the club's activities violated that ordinance's noise levels, and that the club is only entitled to the state law preemption protection if the club enters into an agreement with the Town as per the Town ordinance. The club then filed a complaint for a declaratory injunction, asking the Vermont Superior Court to find the regulation invalid. The Superior Court held that the Town did not have the right to compel the club to enter into such an agreement.

WASHINGTON

Watson, et al. v. City of Seattle. This suit was brought by a coalition of pro-gun groups, including the NRA, in response to a "violence tax" imposed by the City of Seattle on firearm businesses in the city.

WEST VIRGINIA

Goldstein v. Peacemaker National Training Center, LLC, et al. Peacemaker Properties, LLC, and Peacemaker National Training Center, LLC ("Peacemaker"), operate a range in Berkeley County, W. Va. The plaintiffs, who reside across the state border in Frederick County, Va., allege that the activity at Peacemaker is a nuisance to the enjoyment of their property. Berkeley County

expressly exempts shooting ranges from its noise ordinances. Both Virginia and West Virginia have range-protection statutes that protect ranges from nuisance actions relating to noise. Nevertheless, plaintiffs filed nuisance actions in both Virginia and West Virginia.

WYOMING

Jose Antonio Lopez v. State of Wyoming. The Circuit Court in Teton County, Wyo., has issued a protective order against Mr. Lopez for the past three years, depriving him of his rights to possess and use the many firearms he has collected over the years. Until November 2014, Mr. Lopez, 51, had worked for 11 years as an electrician specialist with a security clearance at the National Park Service in Grand Teton National Park. Based on allegations by his ex-wife, which Mr. Lopez denies, Mr. Lopez's ex-wife has a protective order against him which prevents him from shooting or possessing firearms and hunting.

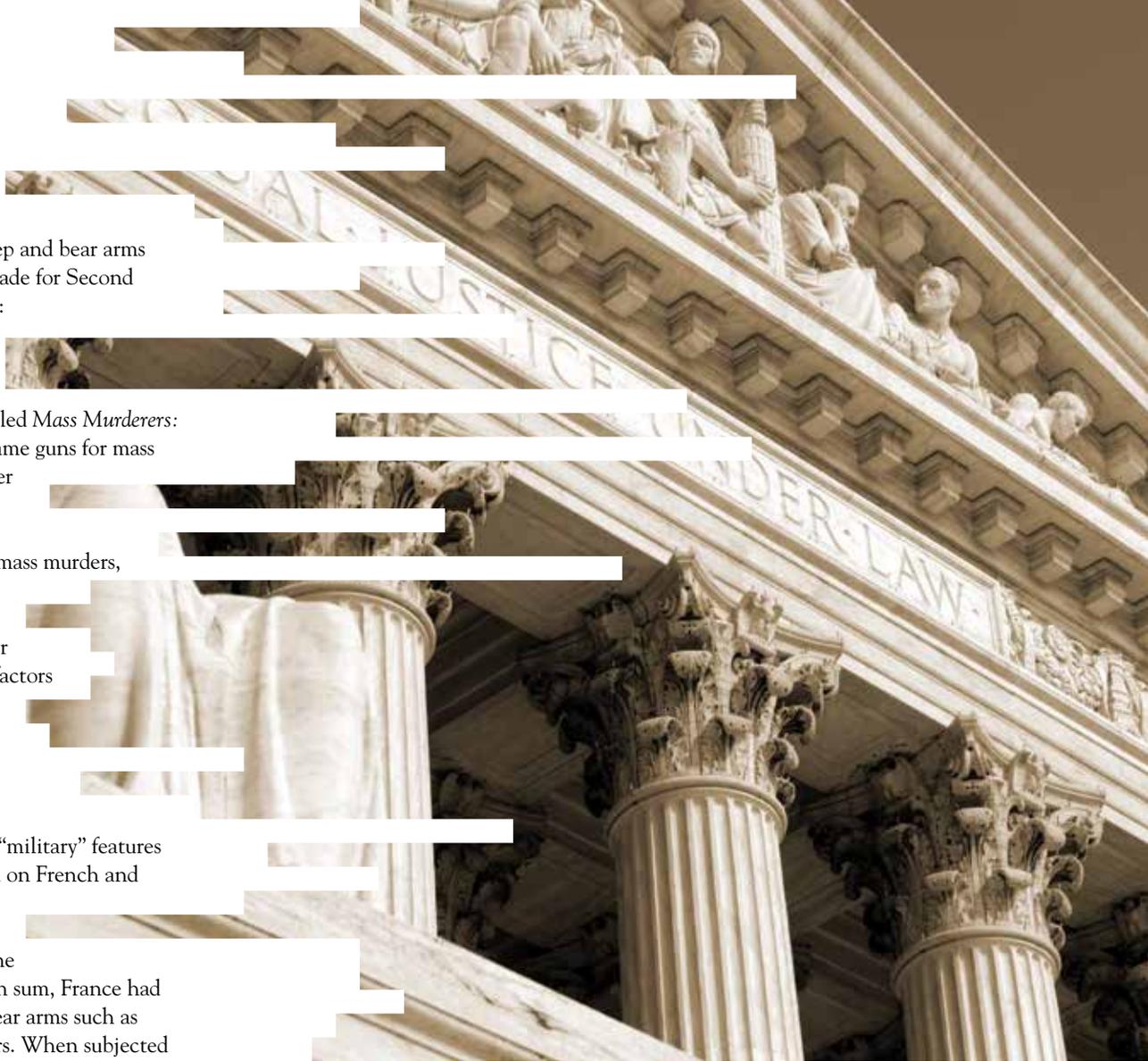
To further its mission, the NRA Civil Rights Defense Fund awards grants for legal research and education on gun-related issues, including the meaning of the Second Amendment and the nature of the right to keep and bear arms provisions in state constitutions. Some of the grants made for Second Amendment and gun-related research in 2017 include:

Mass Murderers: Who? How? Why?

The NRA Civil Rights Defense Fund is supporting the publication of a new book, which is tentatively called *Mass Murderers: Who? How? Why?* Gun prohibitionists inaccurately blame guns for mass murders. This book will address the question of whether gun ownership—specifically ownership of “assault weapons”—causes acts of mass murder. To show that there is no correlation between access to firearms and mass murders, the author will also address mass murders across the world, including mass murders in countries that have restrictive firearms laws; the use of explosives and other non-firearm weapons in mass murders; and the causal factors related to mass murders.

Gun Control in Nazi Occupied France:

A Story of Registration, Confiscation, Firing Squads, and Resistance. This book focuses on the Nazi’s use of gun registration for confiscation and the ban on guns with “military” features in order to emasculate a population. The book is based on French and German archives, interviews, diaries, and other neglected historical sources. It recounts the 1940 Nazi confiscation of all firearms and death penalty for anyone who failed to turn in their firearms within 24 hours. “In sum, France had no constitutional guarantee of the right to keep and bear arms such as would preclude gun bans and registration of gun owners. When subjected to a tyrannical occupation, intrusive firearm regulations were used to disarm the subjects and prevent resistance.”



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 2017, 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, VA 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, VA 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, VA 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.

A D V A N C E M E N T T E A M

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

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 NRA Civil Rights Defense Fund (the Fund), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 NRA Civil Rights Defense Fund as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

McLean, Virginia

March 7, 2018

NRA Civil Rights Defense Fund

Statements of Financial Position

AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
Assets		
Cash	\$ 1,572,772	\$ 1,255,795
Investments	3,885,143	3,368,318
Pledges and contributions receivable, net	80,230	262,569
Due from affiliates	574,098	1,439,769
Other assets	91,209	81,356
Split interest agreements	732,418	654,156
Total assets	\$ 6,935,870	\$ 7,061,963
Liabilities		
Accounts payable	\$ 43,960	\$ 131,149
Annuities payable	163,010	170,645
Total liabilities	206,970	301,794
Net Assets		
Unrestricted:		
Designated	863,646	750,958
Undesignated	2,573,193	2,941,937
Temporarily restricted	1,594,636	1,454,625
Permanently restricted	1,697,425	1,612,649
Total net assets	6,728,900	6,760,169
Total liabilities and net assets	\$ 6,935,870	\$ 7,061,963

FINANCIAL
STATEMENTS

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, 2017

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support				
Contributions	\$ 565,722	\$ 82,500	\$ 7,103	\$ 655,325
Net investment income	414,654	222,483	10,049	647,186
Change in value of split interest agreements	—	10,638	67,624	78,262
Other	—	—	—	—
Net assets released from restrictions	175,610	(175,610)	—	—
Total revenue and other support	1,155,986	140,011	84,776	1,380,773
Expenses				
Program	1,332,859	—	—	1,332,859
Administrative	78,078	—	—	78,078
Fundraising	1,105	—	—	1,105
Total expenses	1,412,042	—	—	1,412,042
Change In Net Assets	(256,056)	140,011	84,776	(31,269)
Net Assets				
Beginning of year	3,692,895	1,454,625	1,612,649	6,760,169
End of year	\$ 3,436,839	\$ 1,594,636	\$ 1,697,425	\$ 6,728,900

NRA Civil Rights Defense Fund

Statement of Activities

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support				
Contributions	\$ 1,231,023	\$ 179,600	\$ 10,700	\$ 1,421,323
Net investment income	132,643	118,106	4,794	255,543
Change in value of split interest agreements	—	2,961	33,387	36,348
Other	14	—	—	14
Net assets released from restrictions	153,328	(153,328)	—	—
Total revenue and other support	1,517,008	147,339	48,881	1,713,228
Expenses				
Program	544,533	—	—	544,533
Administrative	134,826	—	—	134,826
Fundraising	8,417	—	—	8,417
Total expenses	687,776	—	—	687,776
Change in Net Assets	829,232	147,339	48,881	1,025,452
Net Assets				
Beginning of year	2,863,663	1,307,286	1,563,768	5,734,717
End of year	\$ 3,692,895	\$ 1,454,625	\$ 1,612,649	\$ 6,760,169

NRA Civil Rights Defense Fund

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	\$ (31,269)	\$ 1,025,452
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease in provision for losses on pledges receivable	(2,000)	(191,000)
Net increase in investment in endowment	(13,615)	(10,017)
Net unrealized gain on investments	(510,207)	(172,286)
Net realized (gain) loss on investments	(28,934)	7,892
Increase in value of split interest agreements	(78,262)	(36,348)
Changes in operating assets and liabilities:		
Decrease in pledges and contributions receivable	184,339	96,741
Decrease (increase) in amounts due from affiliates	865,671	(64,682)
Increase in other assets	(9,853)	(7,702)
(Decrease) increase in accounts payable	(87,189)	21,246
Net cash provided by operating activities	288,681	669,296
Cash Flows From Investing Activities		
Purchases of investments	(159,568)	(745,455)
Proceeds from sales of investments	181,884	580,975
Net cash provided by (used in) investing activities	22,316	(164,480)
Cash Flows From Financing Activities		
Proceeds from contributions restricted for:		
Investment in endowment	13,615	10,017
Investments subject to new annuity agreements	—	29,753
Payments on annuity obligations	(7,635)	(6,987)
Net cash provided by financing activities	5,980	32,783
Net Increase In Cash	316,977	537,599
Cash		
Beginning of year	1,255,795	718,196
End of year	\$ 1,572,772	\$ 1,255,795

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 to their fair value, the change in fair value is included in revenue and other support in the statements of activities.

Pledges and Contributions Receivable

Unconditional 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 held by a third party. 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 fair value and adjusted as of the end of each year. The difference between the amount received for the agreement and its actuarially computed value at each year end is recorded as changes in present value of split interest agreement. The receivable from the trusts have been recorded at the present value of estimated cash flows. The discounted

rate applied ranged from 2.33% to 2.4% for the year ended December 31, 2017 and 2.45% for the year ended December 31, 2016, and incorporated future life expectancies of 8 and 12 for the year ended December 31, 2017 and 9 and 13 for the year ended December 31, 2016.

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. Amounts payable under 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 liability is recorded as revenue. For both the years ended December 31, 2017 and December 31, 2016 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

Unconditional 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.

Pending Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied.

Subsequent Events

The Fund evaluated subsequent events through March 7, 2018, which is the date the financial statements were available to be issued.

2. Investments

Investments, at fair value, as of December 31, 2017 and 2016 consisted of the following:

	2017	2016
Money market	\$ 176,998	\$ 79,552
Equity securities	2,334,961	1,925,946
Fixed income securities	1,373,184	1,362,820
Total	\$ 3,885,143	\$ 3,368,318

Investment income is composed of the following:

	2017	2016
Interest/dividend income	\$ 108,045	\$ 91,149
Net realized gain (loss) on investments	28,934	(7,892)
Net unrealized gain on investments	510,207	172,286
Total	\$ 647,186	\$ 255,543

3. Pledges and Contributions Receivable

At December 31, 2017 and 2016, donors to the Fund have unconditionally promised to give amounts as follows:

	2017	2016
Within one year	\$ 79,230	\$ 259,569
One to five years	3,000	3,000
	82,230	262,569
Less: allowance on pledges receivable	(2,000)	—
Total	\$ 80,230	\$ 262,569

Proceeds bequeathed and due to the Fund in the amount of \$42,200 and \$241,000 were included in contributions receivable at December 31, 2017 and 2016, 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 program expense and a liability once legal work has been performed. At December 31, 2017 and 2016, \$314,764 and \$869,458 have been committed, respectively. Legal costs incurred on Board approved actions, and included in accounts payable at December 31, 2017 and 2016 were \$40,160 and \$127,349, respectively. Included in due from affiliates at December 31, 2017 and 2016 were \$1,026,943 and \$0, respectively, see Note 8.

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.

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.

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.

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 tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy.

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	As of December 31, 2017			
	Total	Level 1	Level 2	Level 3
Available-for-sale equity securities:				
Consumer discretionary	\$ 34,765	\$ 34,765	\$ —	\$ —
Consumer staples	29,691	29,691	—	—
Energy	6,320	6,320	—	—
Financial services	8,340	8,340	—	—
Healthcare	32,527	32,527	—	—
Industrials	37,087	37,087	—	—
Information technology	103,195	103,195	—	—
Materials	15,072	15,072	—	—
Telecommunication Services	6,648	6,648	—	—
Multi-strategy mutual funds	2,058,501	2,058,501	—	—
Real estate	2,815	2,815	—	—
Total available-for-sale equity securities	2,334,961	2,334,961	—	—
Available-for-sale fixed income securities:				
U.S. Treasury security funds	600,182	600,182	—	—
Multi-strategy bond funds	773,002	773,002	—	—
Total available-for-sale fixed income securities:	1,373,184	1,373,184	—	—
Money market	176,998	176,998	—	—
Split interest agreements	732,418	—	—	732,418
Total	\$ 4,617,561	\$ 3,885,143	\$ —	\$ 732,418

	As of December 31, 2016			
	Total	Level 1	Level 2	Level 3
Available-for-sale equity securities:				
Consumer discretionary	\$ 35,546	\$ 35,546	\$ —	\$ —
Consumer staples	34,283	34,283	—	—
Energy	4,991	4,991	—	—
Financial services	7,524	7,524	—	—
Healthcare	34,108	34,108	—	—
Industrials	24,322	24,322	—	—
Information technology	77,866	77,866	—	—
Materials	10,751	10,751	—	—
Multi-strategy mutual funds	1,694,540	1,694,540	—	—
Real estate	2,015	2,015	—	—
Total available-for-sale equity securities	1,925,946	1,925,946	—	—
Available-for-sale fixed income securities:				
U.S. Treasury security funds	598,703	598,703	—	—
Multi-strategy bond funds	764,117	764,117	—	—
Total available-for-sale fixed income securities:	1,362,820	1,362,820	—	—
Money market	79,552	79,552	—	—
Split interest agreements	654,156	—	—	654,156
Total	\$ 4,022,474	\$ 3,368,318	\$ —	\$ 654,156

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:

	2017	2016
Split interest agreements, beginning of year	\$ 654,156	\$ 617,808
Change in value	78,262	36,348
Split interest agreements, end of year	\$ 732,418	\$ 654,156

6. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Program awards	\$ 1,101,437	\$ 1,114,967
Endowment earnings—general operations	286,980	170,448
Other, including passage of time	206,219	169,210
Total	\$ 1,594,636	\$ 1,454,625

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, 2017 and 2016 are as follows:

	Year Ended December 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 650,958	\$ 1,089,044	\$ 1,612,649	\$ 3,352,651
Interest and dividends, net	14,692	48,649	1,153	64,494
Net appreciation	88,582	148,635	76,520	313,737
Contributions	9,414	—	7,103	16,517
Amount appropriated for expenditure	—	(60,779)	—	(60,779)
Endowment net assets, end of year	\$ 763,646	\$ 1,225,549	\$ 1,697,425	\$ 3,686,620
Donor-restricted endowments	\$ —	\$ 1,225,549	\$ 1,697,425	\$ 2,922,974
Board designated endowment	763,646	—	—	763,646
Total endowments	\$ 763,646	\$ 1,225,549	\$ 1,697,425	\$ 3,686,620

	Year Ended December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 378,727	\$ 1,040,313	\$ 1,563,768	\$ 2,982,808
Interest and dividends, net	9,146	48,697	927	58,770
Net appreciation	21,500	58,985	37,254	117,739
Contributions	241,585	—	10,700	252,285
Amount appropriated for expenditure	—	(58,951)	—	(58,951)
Endowment net assets, end of year	\$ 650,958	\$ 1,089,044	\$ 1,612,649	\$ 3,352,651
Donor-restricted endowments	\$ —	\$ 1,089,044	\$ 1,612,649	\$ 2,701,693
Board designated endowment	650,958	—	—	650,958
Total endowments	\$ 650,958	\$ 1,089,044	\$ 1,612,649	\$ 3,352,651

The related assets are included in investments, amounts due from affiliates, and split interest agreements. At December 31, 2017 and 2016, there was approximately \$939,000 and \$918,000 of a donor restricted quasi-endowment fund included in the temporarily restricted net assets in the tables above.

7. Board Designated Net Assets

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

	2017	2016
Cases of emergency or national importance crucial to the Second Amendment	\$ 748,768	\$ 673,994
Educational and scholarly purposes of civil and constitutional rights	114,878	76,964
Total	\$ 863,646	\$ 750,958
Quasi-endowment funds	\$ 763,646	\$ 650,958
Other unrestricted funds	100,000	100,000
Total	\$ 863,646	\$ 750,958

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 \$69,012 and \$76,442 for the years ended December 31, 2017 and 2016, respectively.

The Fund made awards to NRA to reimburse qualified legal costs in association with Fund’s mission totaling \$1,026,943, which are included in due from affiliates at December 31, 2017.

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:

	2017	2016
NRA Foundation, endowment	\$ 1,330,055	\$ 1,200,169
NRA Foundation, gift annuities	266,847	241,622
NRA Foundation, other	17,929	21,526
Total NRA Foundation	1,614,831	1,463,317
NRA, awards	(1,026,943)	—
NRA, other	(13,790)	(23,548)
Total affiliates	\$ 574,098	\$ 1,439,769