NATIONAL RIFLE ASSOCIATION OF AMERICA

FINANCIAL STATEMENTS

as of December 31, 2016 and 2015

AND

REPORT THEREON

NATIONAL RIFLE ASSOCIATION OF AMERICA

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RSM

RSM US LLP

Report of Independent Auditors

To the Board of Directors and Members of the
National Rifle Association of America

Report on the Financial Statements

We have audited the accompanying financial statements of National Rifle Association of America (NRA), which comprise the statements of financial position as of December 31, 2016 and 2015, 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 National Rifle Association of America as of December 31, 2016 and 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the accompanying financial statements are those of National Rifle Association of America only and are not those of the primary reporting entity. The consolidated financial statements of NRA and its affiliates have been issued as the general purpose financial statements of the reporting entity and should be read in conjunction with the parent-only statements. Our opinion is not modified with respect to this matter.

RSM US LLP

McLean, Virginia
March 8, 2017

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NATIONAL RIFLE ASSOCIATION OF AMERICA
STATEMENTS OF FINANCIAL POSITION
as of December 31, 2016 and 2015

ASSETS

	2016	2015
Cash and cash equivalents	$ 13,218,701	$ 18,707,822
Investments	56,680,153	65,358,771
Pledges receivable, net	1,516,303	1,758,682
Accounts receivable, net	49,547,980	39,489,708
Due from affiliates	27,404,135	24,602,838
Inventories and supplies, net	17,209,123	10,878,594
Prepaid expenses	3,788,017	5,207,830
Notes receivable, net	3,000,000	3,004,582
Property and equipment, net	37,336,030	38,887,064
Other assets	7,436,145	6,943,734
Total assets	$ 217,136,587	$ 214,839,625

LIABILITIES AND NET ASSETS

	2016	2015
Accounts payable	$ 35,188,474	$ 22,146,154
Accrued liabilities	63,570,736	61,044,607
Note payable and line of credit	42,838,124	29,417,379
Deferred revenue	39,424,563	26,873,323
Total liabilities	181,021,897	139,481,463
Net assets:		
Unrestricted:		
Undesignated net assets	25,182,037	65,618,318
Cumulative pension liability	(40,035,180)	(37,815,604)
Total unrestricted net (deficit) assets	(14,853,143)	27,802,714
Temporarily restricted	7,743,947	7,349,401
Permanently restricted	43,223,886	40,206,047
Total net assets	36,114,690	75,358,162
Total liabilities and net assets	$ 217,136,587	$ 214,839,625

The accompanying notes are an integral part of these financial statements.

NATIONAL RIFLE ASSOCIATION OF AMERICA
STATEMENTS OF ACTIVITIES
for the years ended December 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:								
Members' dues	$ 163,517,961	$ -	$ -	$ 163,517,961	$ 165,664,978	$ -	$ -	$ 165,664,978
Program fees	12,256,731	-	-	12,256,731	9,526,357	-	-	9,526,357
Contributions	104,095,484	20,678,620	3,017,839	127,791,943	70,909,759	21,146,477	4,590,750	96,646,986
Advertising	27,075,345	-	-	27,075,345	25,598,508	-	-	25,598,508
Member sales	4,692,861	-	-	4,692,861	6,711,547	-	-	6,711,547
Shows and exhibits	22,955,395	-	-	22,955,395	21,398,991	-	-	21,398,991
Investment income, net	(196,700)	117,472	-	(79,228)	169,884	22,599	-	192,483
Insurance administration fees	11,527,759	-	-	11,527,759	12,154,667	-	-	12,154,667
Rental income	1,433,726	-	-	1,433,726	1,351,081	-	-	1,351,081
Other	6,935,031	(93,048)	-	6,841,983	7,590,232	14,804	-	7,605,036
Assets released from restrictions	20,537,574	(20,537,574)	-	-	21,605,685	(21,605,685)	-	-
Total revenue and other support	374,831,167	165,470	3,017,839	378,014,476	342,681,689	(421,805)	4,590,750	346,850,634
Expenses:								
Program services:								
Legislative programs	83,913,732	-	-	83,913,732	35,097,191	-	-	35,097,191
Publications	37,820,356	-	-	37,820,356	35,503,317	-	-	35,503,317
Public affairs	54,839,356	-	-	54,839,356	28,388,214	-	-	28,388,214
Shows and exhibits	19,433,011	-	-	19,433,011	19,201,694	-	-	19,201,694
Competitions	5,649,690	-	-	5,649,690	5,693,353	-	-	5,693,353
Education and training	11,101,147	-	-	11,101,147	11,823,358	-	-	11,823,358
Hunter services	4,213,594	-	-	4,213,594	2,134,792	-	-	2,134,792
Field services	12,898,136	-	-	12,898,136	12,654,817	-	-	12,654,817
Law enforcement	4,089,027	-	-	4,089,027	3,812,399	-	-	3,812,399
Recreational shooting	7,928,714	-	-	7,928,714	7,947,473	-	-	7,947,473
	241,886,763	-	-	241,886,763	162,256,608	-	-	162,256,608
Member services and acquisition	88,509,528	-	-	88,509,528	66,111,624	-	-	66,111,624
Administrative	10,613,064	-	-	10,613,064	9,167,679	-	-	9,167,679
Executive office	31,082,974	-	-	31,082,974	26,208,834	-	-	26,208,834
Fundraising	47,065,538	-	-	47,065,538	48,423,624	-	-	48,423,624
Total expenses	419,157,867	-	-	419,157,867	312,168,369	-	-	312,168,369
Change in net assets before other changes	(44,326,700)	165,470	3,017,839	(41,143,391)	30,513,320	(421,805)	4,590,750	34,682,265
Unrealized gain (loss) on investments, net	3,004,602	229,076	-	3,233,678	(1,946,395)	(227,007)	-	(2,173,402)
Unrealized gain on derivative instrument	885,817	-	-	885,817	715,591	-	-	715,591
Net loss on pension obligation	(2,219,576)	-	-	(2,219,576)	(466,016)	-	-	(466,016)
Change in net assets	(42,655,857)	394,546	3,017,839	(39,243,472)	28,816,500	(648,812)	4,590,750	32,758,438
Net assets (deficit), beginning of year	27,802,714	7,349,401	40,206,047	75,358,162	(1,013,786)	7,998,213	35,615,297	42,599,724
Net assets (deficit), end of year	$ (14,853,143)	$ 7,743,947	$ 43,223,886	$ 36,114,690	$ 27,802,714	$ 7,349,401	$ 40,206,047	$ 75,358,162

The accompanying notes are an integral part of these financial statements

NATIONAL RIFLE ASSOCIATION OF AMERICA
STATEMENTS OF CASH FLOWS
for the years ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ (39,243,472)	$ 32,758,438
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,797,889	4,263,424
Provision for losses (gains) on pledges receivable	135,924	(299,588)
Provision for losses on accounts receivable	4,802,427	5,788,891
Provision for losses on inventory	150,000	358,000
Contributions permanently restricted for long-term investment	(3,017,839)	(4,542,750)
Net unrealized and realized (gain) loss on investments	(2,202,751)	3,009,958
Unrealized gain on derivative instrument	(885,817)	(715,591)
Net loss on pension obligation	2,219,576	466,016
Net loss on disposal of assets	106,397	53,155
Changes in assets and liabilities:		
Decrease in pledges receivable	106,455	701,451
Increase in accounts receivable, net	(14,860,699)	(11,948,945)
Increase in due from affiliates	(2,801,297)	(385,427)
(Increase) decrease in inventories and supplies, net	(6,480,529)	4,549,565
Decrease (increase) in prepaid expenses	1,419,813	(955,852)
Increase in other assets	(492,411)	(220,363)
Increase in accounts payable	13,042,320	47,913
Increase (decrease) in accrued liabilities	1,192,370	(533,980)
Increase (decrease) in deferred revenue	12,551,240	(17,818,417)
Total adjustments	9,783,068	(18,182,540)
Net cash (used in) provided by operating activities	(29,460,404)	14,575,898
Cash flows from investing activities:		
Sales of investments	38,503,808	21,093,303
Purchases of investments	(27,622,439)	(24,894,706)
Purchases of property and equipment	(3,353,252)	(4,660,924)
Principal collections on notes receivable	4,582	14,417
Net cash provided by (used in) investing activities	7,532,699	(8,447,910)
Cash flows from financing activities:		
Principal payments on note payable	(973,451)	(917,979)
Principal payments on lines of credit	(108,396,472)	(118,885,949)
Draw downs on lines of credit	122,790,668	112,828,724
Contributions permanently restricted for long-term investment	3,017,839	4,542,750
Net cash provided by (used in) financing activities	16,438,584	(2,432,454)
Net (decrease) increase in cash and cash equivalents	(5,489,121)	3,695,534
Cash and cash equivalents at beginning of year	18,707,822	15,012,288
Cash and cash equivalents at end of year	$ 13,218,701	$ 18,707,822
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 1,449,598	$ 1,511,085

The accompanying notes are an integral part of these financial statements.

NATIONAL RIFLE ASSOCIATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

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1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The National Rifle Association of America (NRA), founded in 1871, is a not-for-profit corporation supported by the membership fees of public-minded citizens and clubs. Its primary purpose is to protect and defend the Constitution of the United States of America, especially the political, civil and inalienable rights of the American people to keep and bear arms as a common law and Constitutional right of the individual citizen.

The NRA's Board of Directors formed the Institute for Legislative Action (ILA) in 1975 as an internal division of the NRA. The purpose of ILA is to prevent the passage of laws and regulations restricting firearms ownership, as well as pursuing changes to existing restrictions imposed by federal, state and local governments. ILA is supported principally by contributions from NRA members.

Basis of Presentation

The NRA publishes financial statements in the NRA's annual report that include the financial statements of certain affiliated entities, which are its primary financial statements for the years ended December 31, 2016 and 2015. These financial statements for the years ended December 31, 2016 and 2015 are not intended to be the general purpose financial statements of the NRA and have been prepared in conformity with accounting principles that would otherwise be considered a departure from accounting principles generally accepted in the United States of America because certain affiliated organizations are not consolidated.

Affiliates of the NRA whose financial activities are not included in these financial statements of the NRA include the following: the NRA Foundation, Inc. (Foundation), the NRA Civil Rights Defense Fund (CRDF), the NRA Political Victory Fund (PVF), the NRA Special Contribution Fund (SCF) and the NRA Freedom Action Foundation (FAF).

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and other support and expenses during the reporting period. 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 NRA, the accounts of the NRA 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, either temporarily or permanently, by donor-imposed stipulations. They are available for support of the NRA's general operations.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the NRA for its programs are 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 NRA pursuant to those stipulations.

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

Cash and Cash Equivalents

Highly liquid investments, consisting principally of money market funds, under the control of the NRA's investment managers, are considered investments. However, the NRA considers any other investments with an original maturity of three months or less at the date of purchase to be cash equivalents. The NRA generally invests these excess funds in repurchase agreements for U.S. government securities. The maturity date of these repurchase agreements is the next day of business. Due to the short-term nature of these agreements, the NRA does not take possession of the securities, which are instead held by the NRA's principal bank from which it purchases the securities. The carrying value of the investments approximates fair value because of the short maturity of the agencies. The NRA believes that it is not exposed to any significant risk on its investments in repurchase agreements. Substantially all the cash and cash equivalents were held at one financial institution in Virginia at December 31, 2016 and 2015.

Concentrations of Credit Risk

The NRA maintains a cash balance in excess of federally insured limits in an interest bearing account. The NRA's policy is to deposit funds only in financially sound institutions. Nevertheless, these deposits are subject to some degree of credit risk. Investments are maintained in financial institutions.

Concentrations of credit risk with respect to accounts receivable that are not collateralized are limited due to the large number of members comprising the NRA's membership base and their dispersion across many different geographies.

The NRA invests in a professionally managed portfolio that primarily contains money market funds, equity securities, fixed income securities, and hedge fund of funds. 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, fixed income securities, and alternative investments. Investments in money market funds, equity securities and fixed income securities 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 other changes in the statements of activities. Interest income and dividends are recorded on the accrual basis.

Investments in investment partnerships are valued at fair value based on the applicable percentage ownership of the underlying partnerships' net assets as of the measurement date, which is a practical expedient, as determined by the NRA. In determining fair value, the NRA utilizes valuations provided by the fund manager of the underlying investment partnerships. The underlying investment partnerships value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investment partnerships, which may include private placements and other securities for which prices are not readily available, are determined by the general partner of the respective other investment partnership and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the NRA's investments in other partnerships generally represents the amount the NRA would expect to receive if it were to liquidate its investment in the investment partnerships excluding any redemption charges that may apply.

Pledges Receivable

Pledges receivable due in more than one year have been recorded at the present value of estimated cash flows. An allowance for uncollectible pledges receivable is provided based upon management's judgment of potential defaults.

Accounts Receivable

Membership dues, advertising and other accounts receivable are recorded at the invoiced amount and do not bear interest. Membership contributions receivables are recorded when received. The allowance for doubtful accounts is the NRA's best estimate of the amount of probable credit losses in existing accounts receivable. The NRA determines the membership dues accounts receivable allowance based on the aging of accounts receivable, where three or more monthly or quarterly invoices are past due. The NRA determines all other allowances based on historical write-off experience and specific identification. The allowances for doubtful accounts are reviewed monthly and accounts receivable balances are written off against the allowance when the NRA feels probable the receivable will not be recovered.

Inventories and Supplies

Inventories and supplies are stated at the lower of cost or market, with costs determined using the first-in, first-out method. Provisions are made to reduce the inventories to net realizable value in cases of obsolescence.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Donated assets are recorded at the appraised or estimated fair value at the time of donation. Expenditures for maintenance and repairs, which do not prolong the useful lives of the assets, are expensed. Depreciation is computed on the straight-line method over the assets' estimated useful lives. Buildings and improvements are depreciated over useful lives ranging from 20 to 45 years, other property and equipment is depreciated over two to ten years. The NRA capitalizes complete desktop and laptop computers greater than $500 and all other fixed assets greater than $1,500.

Members' Dues

A portion of members' dues that represents the present value of the cost of the magazine that is a benefit of membership for the given membership term is deferred and amortized over the life of the membership. The portion considered a contribution is recorded as dues revenue when the membership is received.

Contributions

Unconditional contributions, whether unrestricted or restricted, are recognized as revenue when received and classified in the appropriate net asset category. When the temporary restrictions are met by the NRA which were specified by the donor, temporarily restricted contributions are released from restriction and are recognized in the unrestricted net asset category.

Revenue Recognition

Program fees, advertising, member sales, shows and exhibit sales, and insurance administration fees are recognized as revenue when earned. Rental income is recognized on a straight-line basis over the term of the lease.

Derivative Financial Instruments

Interest rate swaps are entered into to manage interest rate risks associated with the NRA's borrowing. Interest rate swaps are accounted for in accordance with the Financial Accounting Standards Board Accounting Standard Codification (the Codification) topic, *Derivatives and Hedging*, under which the NRA is not allowed to use cash flow hedging. Therefore, the interest rate swap is recorded in the statements of financial position at fair value with fair value changes recorded as an unrealized gain on derivative instrument on the statements of activities and statements of cash flows (Note 8).

Valuation of Long-Lived Assets

Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less cost to sell. The NRA had no impairments of long-lived assets during 2016 or 2015.

Outstanding Legacies

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

Functional Allocation of Expenses

The costs of providing program services and supporting activities have been accounted for on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities.

Pending accounting pronouncements

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. The amendments in the ASU require entities that measure inventory using the first-in, first-out or average cost methods to measure inventory at the lower of cost and net realizable value. Net realizable value is defined as estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. This ASU will be effective for NRA for fiscal years beginning after December 15, 2016.

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019.

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.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. NRA has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

Tax Status

The NRA is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code and from state income taxes. The NRA activities that cause imposition of the unrelated business income tax provision of the Code result in no significant tax liability.

The NRA 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 NRA 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 NRA's tax positions and concluded that the NRA had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Generally, the NRA is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2013, which is the standard statute of limitations look-back period.

Subsequent Events

The NRA evaluated subsequent events through March 8, 2017, which is the date the financial statements were available to be issued.

2. INVESTMENTS

Investments as of December 31, 2016 and 2015 consist of:

	2016	2015
Money market funds	$ 612,527	$ 1,460,652
Equity securities	40,289,738	49,270,250
Fixed income securities	3,766,355	3,580,103
Alternative investments	7,962,585	7,325,905
Other	4,048,948	3,721,861
	$ 56,680,153	$ 65,358,771

Investment income (loss) for the years ended December 31, 2016 and 2015 includes the following:

	2016	2015
Realized losses, net	$ (1,030,927)	$ (836,556)
Dividends and interest	951,699	1,029,039
	(79,228)	192,483
Unrealized gains (losses), net	3,233,678	(2,173,402)
	$ 3,154,450	$ (1,980,919)

Interest income of $120,000 and $120,000, earned from notes receivable for 2016 and 2015, respectively, is included in dividends and interest.

3. PLEDGES RECEIVABLE

At December 31, 2016 and 2015, donors to the NRA have unconditionally promised to give amounts as follows:

	2016	2015
Within one year	$ 675,413	$ 707,830
One to five years	317,531	449,031
More than five years	747,194	770,466
	1,740,138	1,927,327
Less: discount of pledges receivable	(20,851)	(26,585)
	1,719,287	1,900,742
Less: allowance for uncollectible pledges	(202,984)	(142,060)
	$ 1,516,303	$1,758,682

Pledges due in more than one year have been recorded at the present value of estimated cash flows, discounted by rates ranging from 0.77% to 2.22%.

4. ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2016 and 2015 consist of:

	2016	2015
Membership	$ 58,292,353	$ 45,295,298
Contributions	3,421,398	3,633,565
Advertising	2,686,484	2,676,217
Other	1,626,608	1,489,126
	66,026,843	53,094,206
Less: allowance for doubtful accounts	16,478,863	13,604,498
	$ 49,547,980	$ 39,489,708

Following are the changes in the allowance for doubtful accounts during the years ended December 31, 2016 and 2015, respectively:

	2016	2015
Allowance at beginning of year	$ 13,604,498	$ 11,675,771
Provision for losses on accounts receivable	4,802,427	5,788,891
Write-offs, net of recoveries	(1,928,062)	(3,860,164)
Allowance at end of year	$ 16,478,863	$ 13,604,498

5. INVENTORIES AND SUPPLIES

Inventories and supplies as of December 31, 2016 and 2015 consist of:

	2016	2015
Sales inventories	$ 4,389,535	$ 4,822,459
Supplies:		
Magazine paper	1,960,513	1,653,551
Fulfillment and promotional materials	11,784,041	5,183,029
Other	112,363	106,543
	18,246,452	11,765,582
Less: obsolescence allowance	1,037,329	886,988
	$ 17,209,123	$ 10,878,594

6. NOTES RECEIVABLE

Notes receivable as of December 31, 2016 and 2015 consist of:

	Interest Rate	2016	2015
NRA Special Contribution Fund	4.0%	$ 3,000,000	$ 3,000,000
Shooting range loans	0.0%	-	4,582
		$ 3,000,000	$ 3,004,582

The note receivable from the SCF is a demand note, collateralized by a first deed of trust on approximately 33,300 acres of land south of Raton, New Mexico. During the years ended December 31, 2016 and 2015, interest in the amount of $120,000 and $120,000 respectively, was received. The total interest receivable remaining at December 31, 2016 and 2015, respectively, is $3,639,073 and is included in other assets in the statements of financial position.

7. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2016 and 2015 consist of:

	2016	2015
Land	$ 5,380,792	$ 5,380,792
Buildings and improvements	53,865,603	53,469,880
Furniture, fixtures and equipment	18,563,070	16,828,934
	77,809,465	75,679,606
Less: accumulated depreciation	40,473,435	36,792,542
	$ 37,336,030	$ 38,887,064

Depreciation expense for the years ended December 31, 2016 and 2015 was $4,797,889 and $4,263,424, respectively.

8. NOTE PAYABLE AND CREDIT AGREEMENTS

At December 31, 2016 and 2015, $19,827,125 and $20,800,577, respectively, was payable under a credit agreement with a bank, which expires on October 1, 2019. Under the terms of this agreement, the NRA pays a fixed rate of 6.08%

This credit agreement incorporates an interest rate swap agreement. This swap agreement is recognized on the statements of financial position in accrued liabilities at its fair value of $2,128,702 and $3,014,519 as of December 31, 2016 and 2015, respectively.

The NRA maintained an $18,500,000 line of credit agreement which was amended to increase the maximum principal amount to $25,000,000 on January 21, 2015, and expires on September 30, 2017. Under the terms of this agreement the NRA makes monthly interest payments on the daily outstanding principal at a variable rate based on the 30-day LIBOR rate, plus 0.60%. At December 31, 2016 and 2015, $23,010,999 and $8,616,802 was payable under the agreement at interest rates of 1.37% and 1.03%, respectively.

On the $25,000,000 line of credit agreement, the NRA has pledged as collateral $45,042,632 at December 31, 2016, in cash and investments held in certain custodial accounts by the bank. For the credit agreement, the NRA has also pledged as collateral a Deed of Trust on the NRA Headquarters Building.

The NRA is subject to financial covenants associated with the credit agreement and lines of credit agreements. The NRA must maintain minimum cash and investment balances.

The annual minimum payments related to these obligations at December 31, 2016 are as follows:

2017	$ 24,050,942
2018	1,107,009
2019	17,680,173
Total minimum future payments	$ 42,838,124

Interest expense for the years ended December 31, 2016 and 2015, was $1,357,731 and $1,438,430, respectively.

9. FAIR VALUE MEASUREMENTS

The NRA follows the Codification on *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.

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 NRA'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 NRA performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. 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 NRA'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 carrying value of the NRA's note payable and credit agreement approximates fair value as the interest rate on the credit agreement's underlying instruments fluctuate with market rates.

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

	As of December 31, 2016		
	Total	Level 1	Level 2
Available-for-sale equity securities:			
Consumer discretionary	$ 1,427,080	$ 1,427,080	$ -
Consumer staples	899,575	899,575	-
Energy	1,187,684	1,187,684	-
Financial services	680,788	680,788	-
Healthcare	1,508,080	1,508,080	-
Industrials	1,217,127	1,217,127	-
Information technology	2,961,364	2,961,364	-
Materials	2,060,591	2,060,591	-
Multi-strategy mutual funds	28,347,449	28,347,449	-
Total available-for-sale equity securities	40,289,738	40,289,738	-
Available-for-sale fixed income securities:			
Multi-strategy bond funds	3,766,355	3,766,355	-
Alternative investments:			
Multi-strategy fund-of-funds [measured using a net asset value per share (or its equivalent) practical expedient]	7,962,585	-	-
Money market	612,527	612,527	-
Investments at fair value	$ 52,631,205	$ 44,668,620	$ -
Other investments	4,048,948		
Total investments	$ 56,680,153		
Other assets – multi-strategy mutual funds:			
Deferred compensation plan	$ 2,417,588	$ 2,417,588	$ -
Supplemental executive retirement plan	1,081,914	1,081,914	-
Total other assets	$ 3,499,502	$ 3,499,502	$ -
Total assets	$ 60,179,655	$ 48,168,122	$ -
Interest rate swap	$ (2,128,702)	$ -	$ (2,128,702)
Deferred compensation liability	(2,408,659)	-	(2,408,659)
Supplemental executive retirement liability	(1,078,054)	-	(1,078,054)
Total liabilities	$ (5,615,415)	$ -	$ (5,615,415)

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	As of December 31, 2015		
	Total	Level 1	Level 2
Available-for-sale equity securities:			
Consumer discretionary	$ 2,704,930	$ 2,704,930	$ -
Consumer staples	1,045,251	1,045,251	-
Energy	373,628	373,628	-
Financial services	707,031	707,031	-
Healthcare	2,486,999	2,486,999	-
Industrials	1,188,264	1,188,264	-
Information technology	3,325,083	3,325,083	-
Materials	1,922,120	1,922,120	-
Multi-strategy mutual funds	35,516,944	35,516,944	-
Total available-for-sale equity securities	49,270,250	49,270,250	-
Available-for-sale fixed income securities:			
Multi-strategy bond funds	3,580,103	3,580,103	-
Alternative investments:			
Multi-strategy fund-of-funds [measured using a net asset value per share (or its equivalent) practical expedient]	7,325,905	-	-
Money market	1,460,652	1,460,652	-
Investments at fair value	$ 61,636,910	$ 54,311,005	$ -
Other investments	3,721,861		
Total investments	$ 65,358,771		
Other assets – multi-strategy mutual funds:			
Deferred compensation plan	$ 2,037,386	$ 2,037,386	$ -
Supplemental executive retirement plan	971,420	971,420	-
Total other assets	$ 3,008,806	$ 3,008,806	$ -
Total assets	$ 68,367,577	$ 57,319,811	$ -
Interest rate swap	$ (3,014,519)	$ -	$ (3,014,519)
Deferred compensation liability	(2,026,348)	-	(2,026,348)
Supplemental executive retirement liability	(968,665)	-	(968,665)
Total liabilities	$ (6,009,532)	$ -	$ (6,009,532)

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

Deferred compensation plan and supplemental executive retirement plan assets are based upon the fair market value of those assets, which are observable inputs and classified as Level 1. The deferred compensation liability is not publically traded and is, therefore, considered Level 2.

The NRA's swap agreement is valued based on quoted values stated by the bank's mark-to-market estimate using stated fixed rate and LIBOR interest ratings. The interest rate is observable at commonly quoted indexes for the full term of the instrument and is, therefore, considered a Level 2 item.

The table below presents additional information regarding the alternative investments.

	2016 Fair Value	2015 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy fund-of-funds (a)	$ 2,257,494	$ 2,054,326	$ -	quarterly	65 days
Multi-strategy fund-of-funds (a)	2,237,032	1,612,012	-	quarterly	36 days
Multi-strategy fund-of-funds (b)	2,635,782	2,746,490	-	semi-annually	105 days
Multi-strategy fund (c)	832,277	913,077	-	daily	1 day
	$ 7,962,585	$ 7,325,905	$ -		

(a) This class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this class includes investments in long, short equity portfolio funds (investments in emerging markets and multiple sectors), directional macro strategy funds (investments in trade futures, options, futures and foreign exchange contracts, and diversified markets), event driven portfolio funds (investments in risk arbitrage, distressed and special situations, and opportunistic investing), relative value portfolio funds (investments in arbitrage, commodity trading advisors and market neutral strategies), and global asset allocation portfolio funds (investment in currencies, bonds, global equities and equity indices). The fair value of the investments in this class have been estimated using the net asset value per share of the investments.

(b) This class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge fund-of-funds' composite portfolio for this class includes investments in private investment companies (investment in global, distressed/credit, domestic healthcare and other) and securities (common stock). The fair value of the investments in this class have been estimated using the net asset value per share of the investments.

(c) This class invests in a managed futures product that pursue multiple strategies to diversify risks and reduce volatility. The multi-strategy fund composite portfolio for this class includes investments in private investment companies (investment in currency, bonds, interest rates, commodities and other) and securities (common stock). The fair value of the investments in this class have been estimated using the net asset value per share of the investments.

10. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2016	2015
Legislative programs	$ 1,851,049	$ 2,441,410
Education and training	1,495,330	1,205,253
National Firearms Museum	1,403,886	1,170,530
Recreational Shooting	708,022	370,334
Hunter services	109,761	337
Field services	105,630	105,067
Competitions	97,743	65,289
Law enforcement	61,503	51,169
Community outreach	53,536	105,021
Public relations	-	613,636
Other	271,993	218,881
Other, passage of time	1,585,494	1,002,474
Total	$ 7,743,947	$ 7,349,401

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support:

	2016	2015
Legislative programs	$ 17,735,887	$ 16,462,070
National Firearms Museum	7,802,467	7,797,617
Hunter services	4,698,122	3,870,205
Education and training	4,438,382	4,332,893
Recreational Shooting	2,610,338	2,995,222
Competitions	1,401,044	1,395,174
Law enforcement	608,541	608,541
Field services	145,138	145,138
Community outreach	16,289	16,289
Other	3,767,678	2,582,898
Total	$ 43,223,886	$ 40,206,047

The NRA 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 and by the State of New York on September 17, 2010. The Management of the NRA has interpreted UPMIFA as requiring the preservation of the fair value of original donor-restricted endowment gifts as of the date of the gift absent explicit donor stipulations to the contrary. As a result of this interpretation, the NRA classifies as permanently restricted net assets (a) the original value of cash gifts donated to permanent endowment and (b) the discounted value of future gifts promised to permanent endowment, net of allowance for uncollectible pledges. 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 NRA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the NRA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund

- The purposes of the NRA and donor-restricted 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 NRA
- The investment policies of the NRA

The NRA has adopted investment and spending policies for permanently restricted endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. The investment policy of the NRA 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 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). All earnings of the endowment are reflected as temporarily restricted net assets until appropriated for expenditure in the form of program spending.

The NRA's endowment is composed solely of donor restricted funds. The changes in endowment net assets for the years ended December 31, 2016 and 2015 are as follows:

	December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$(1,031,509)	$ 3,156,932	$40,206,047	$42,331,470
Interest and dividends, net	-	698,691	-	698,691
Net appreciation	-	2,005,704	-	2,005,704
Contributions	-	-	3,017,839	3,017,839
Amount appropriated for expenditure	-	(1,484,178)	-	(1,484,178)
Other changes	(389,138)	389,138	-	-
Endowment net assets, end of year	$(1,420,647)	$ 4,766,287	$43,223,886	$46,569,526

	December 31, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (82,427)	$ 4,479,906	$35,615,297	$40,012,776
Interest and dividends, net	-	804,141	-	804,141
Net depreciation	-	(1,549,892)	-	(1,549,892)
Contributions	-	-	4,590,750	4,590,750
Amount appropriated for expenditure	-	(1,526,305)	-	(1,526,305)
Other changes	(949,082)	949,082	-	-
Endowment net assets, end of year	$(1,031,509)	$ 3,156,932	$40,206,047	$42,331,470

The related assets are included in due from affiliates, investments and pledges receivable.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the NRA to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature that are reported in unrestricted net assets as of December 31, 2016 and 2015, were $1,420,647 and $1,031,509, respectively. The deficiencies in the donor-restricted endowment funds at December 31, 2016, resulted from unfavorable market fluctuations and the continued appropriation of endowment assets, which was deemed prudent by the NRA.

11. RETIREMENT PLANS

Certain NRA employees participate in a non-contributory, defined benefit retirement plan (the Plan). Benefits under the Plan are generally based on years of service and final average pay. The NRA's policy is to fund pension costs as accrued. Effective January 1, 2008, the NRA amended the Plan so that employees hired on or after January 1, 2008, will not be eligible to participate in the Plan.

The primary investment objectives of the Plan are to provide a long-term, risk-controlled approach using diversified investment options. The NRA may consider all asset classes allowed by the Employee Retirement Income Security Act of 1974 and other applicable law as acceptable investment options.

The net periodic pension costs for the years ended December 31, 2016 and 2015 consist of the following:

	2016	2015
Service cost - benefits earned during the year	$ 3,375,329	$ 3,640,523
Interest cost on projected benefit obligation	5,644,489	4,890,607
Return on plan assets	(6,168,124)	(6,296,518)
Recognized net actuarial loss	2,905,363	2,806,967
Net amortization and deferral	78,741	85,464
Net periodic benefit cost	5,835,798	5,127,043
Other changes	2,219,576	466,016
Total recognized in statements of activities	$ 8,055,374	$ 5,593,059

The following table sets forth the changes in the defined benefit pension plan's funded status and the amount of accrued pension costs for the plan years ended December 31, 2016 and 2015 (utilizing a measurement date of December 31):

	2016	2015
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 127,548,095	$ 125,777,849
Service cost	3,375,329	3,640,523
Interest cost	5,644,489	4,890,607
Actuarial loss (gain)	4,155,647	(3,791,211)
Benefits paid	(3,671,686)	(2,969,673)
Projected benefit obligation at end of year	$ 137,051,874	$ 127,548,095

	2016	2015
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 80,267,170	$ 81,539,983
Actual return on plan assets	5,120,091	(853,140)
Employer contributions	5,117,000	2,550,000
Benefits paid	(3,671,686)	(2,969,673)
Fair value of plan assets at end of year	86,832,575	80,267,170
Accrued pension costs reflected in the statements of financial position in accrued liabilities	$ (50,219,299)	$ (47,280,925)
Accumulated benefit obligation	$ (121,767,299)	$ (111,407,887)
Amounts recognized in unrestricted net assets:		
Total net loss	$ 39,371,012	$ 37,072,695
Prior service cost	664,168	742,909
Total	$ 40,035,180	$ 37,815,604

The total net loss and prior service cost for the defined pension plan that will be amortized from net assets into the net periodic benefit cost over the next year are $3,137,631 and $71,429, respectively.

The following weighted-average assumptions were used in calculating the above benefit obligations, net periodic benefit cost and fair value of plan assets at December 31, 2016 and 2015:

	2016	2015
Discount rate used to determine benefit obligation	4.15%	4.50%
Discount rate used to determine net periodic benefit cost	4.50%	3.95%
Rate of compensation increase	4.00%	4.00%
Expected return on plan assets	8.00%	8.00%

The basis used to determine the overall expected long-term rate of return on assets utilizing the target asset allocations established within the plan is based on historical returns.

The asset allocation strategy is based on several factors including:

- The relationship between the current and projected assets of the Plan and the projected actuarial liability stream;
- The historical performance of capital markets adjusted for the perception of future short- and long-term capital market performance;
- The perception of future economic conditions, including inflation and interest rate assumptions.

The asset allocation strategy shall identify target allocations to eligible asset classes and, where appropriate, suitable ranges within which each asset class can fluctuate as a percent of the total fund. Each asset class is to remain suitably invested at all times in either cash (or cash equivalents) or permitted securities within each asset class. The asset classes may be rebalanced from time to time to take advantage of tactical misvaluations across major asset classes or investment styles, or to align the current asset mix with strategic targets.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2016 and 2015.

Multi-strategy mutual funds and Pooled separate accounts: Primarily valued at the net asset value (NAV) per share based on quoted market prices of the underlying investments as reported by the investment advisor using the audited financial statements of the underlying investments. The individual annuities invest in separate accounts, which track the performance of the specific underlying mutual funds. A valuation agent is selected for each mutual fund and PSA. The valuation of the net assets is calculated on each open market day.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain results in a different fair value measurement at the reporting date.

Investments measured at net asset value (or equivalent) have not been classified in the fair value hierarchy. The amounts of investments are included below.

At December 31, 2016 and 2015, the fair value and the asset allocation of the NRA's pension plan assets was as follows:

	2016		2015	
Asset category:				
Multi-strategy equity Mutual funds/PSAs	$ 53,763,515	62%	$50,450,340	63%
Multi-strategy fixed income Mutual funds/ PSAs	30,791,748	35	24,915,403	31
Cash	2,277,312	3	-	-
Real estate	-	-	4,901,427	6
	$ 86,832,575	100%	$80,267,170	100%

The NRA contributes to the plan based on actuarially determined amounts necessary to provide assets sufficient to meet benefits to be paid to plan members. NRA annually funds the minimum required contribution. Expected contributions for the plan year ending December 31, 2017 are $0.

The following plan year benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next 10 fiscal years:

2017	$ 4,490,000
2018	$ 4,820,000
2019	$ 5,280,000
2020	$ 5,670,000
2021	$ 6,150,000
2022 – 2026 (total)	$ 35,800,000

In addition, in 1997, the NRA established a 401(k) plan for employees. The plan, available to all employees after 90 days of service, permits participants to contribute a portion of their salary on a pre-tax basis. The NRA matches participant contributions based on plan provisions. Participants are 100% vested in employer contributions after three years of service. The vested balance is available to participants at termination, retirement, death, disability, hardships or through eligible loans. Employer contributions to the 401(k) plan totaled $2,470,309 and $2,270,904 for the years ended December 31, 2016 and 2015, respectively.

The NRA also maintains a deferred compensation agreement (the Agreement) for certain officers and employees. The Agreement is offered at the sole discretion of its Board of Directors, which may amend or terminate the Agreement at any time. The Agreement is funded through whole life insurance policies on the plan beneficiaries. The NRA is the policy owner and beneficiary.

Currently, several key employees are enrolled in the Agreement. Management believes that no unfunded liability exists under the Agreement. At December 31, 2016 and 2015, the NRA had assets relating to the cash surrender values of the whole life insurance policies of $4,048,948 and $3,721,861, respectively. The NRA had an accrued postretirement liability of $232,873 and $190,569 at December 31, 2016 and 2015, respectively. Deferred compensation expense for the years ended December 31, 2016 and 2015 was a ($176,783) and $26,612, respectively.

The NRA has established a 457(b) deferred compensation plan for the benefit of certain employees. This plan is employee funded, and therefore, the NRA did not contribute to this plan during the years ended December 31, 2016 and 2015. At December 31, 2016 and 2015, the NRA held assets, and had related obligations, relating to this plan of approximately $2.4 million and $2.0 million, respectively.

The NRA has also established a 457(f) supplemental executive retirement plan for the benefit of certain executives. At December 31, 2016 and 2015, the NRA held assets, and had related obligations, relating to the plan of approximately $1,078,000 and $969,000, respectively. The NRA incurred deferred compensation expense of $206,700 and $206,700 for the years ended December 31, 2016 and 2015, respectively.

For both plans, the assets are included in other assets and the liabilities are included in accrued liabilities on the statements of financial position.

12. RENTAL OPERATIONS AS LESSOR

The NRA leases a portion of its headquarters building and adjacent property to tenants under various operating leases. These leases include renewal options and escalation clauses and require that the tenants pay for their prorated share of the building operating expenses.

The following is a schedule of minimum future rentals on non-cancellable operating leases as of December 31, 2016:

2017	$ 1,156,447
2018	939,505
2019	686,677
2020	412,341
2021	297,007
2022	69,627
Total minimum future rentals	$ 3,561,604

Total rental income for the years ended December 31, 2016 and 2015 was $1,433,726 and $1,351,081, respectively.

13. OPERATING LEASES AS LESSEE

The NRA leases warehouse, office space and equipment under non-cancellable operating leases with terms expiring through 2022. The lease agreements for various office space include renewal options and escalation clauses and require that the NRA pay for shared operating expenses.

The annual minimum payments related to these obligations as of December 31, 2016 are as follows:

2017	$	673,434
2018		419,879
2019		388,942
2020		344,603
2021		328,479
2022		194,912
Total minimum payments required	$	2,350,249

Total lease expense for the years ended December 31, 2016 and 2015 was $965,272 and $1,067,907, respectively.

14. RELATED PARTIES

The NRA is affiliated with the Foundation, the CRDF, SCF and the FAF by virtue of the control vested with the NRA's Board of Directors to appoint the Board of Trustees of each affiliate. The PVF is a separately unincorporated political action committee of the NRA whose five officers are NRA employees. The NRA provides certain benefits to the affiliates at no cost, among which are the use of office space and other administrative and support services. Management has determined that the fair value of these benefits is minimal, and accordingly, no amounts are reflected in these financial statements.

The Foundation reimburses the NRA for certain expenses, such as salaries, benefits, and general operating expenses, paid by the NRA on the Foundation's behalf. As of December 31, 2016 and 2015, $27,124,532 and $24,333,886 respectively, was owed to the NRA and included in due from affiliates for reimbursements and pass through funds still held by the Foundation. In addition, certain qualified NRA programs were funded by Foundation grants totaling $19,276,495 and $18,985,029 for the years ended December 31, 2016 and 2015, respectively.

The CRDF reimburses the NRA for general operating expenses paid by the NRA on the CRDF's behalf. As of December 31, 2016 and 2015, $23,549 and $3,801, respectively, was owed to the NRA for general operating expenses and included in due from affiliates.

All permanent employees of the SCF are maintained as employees of the NRA and the SCF reimburses the NRA for the total employee costs including benefits. The SCF reimburses the NRA for certain other expenses paid by the NRA on the SCF's behalf. As of December 31, 2016 and 2015, $256,054 and $265,151, respectively, was owed to the NRA for salaries, insurance and benefits net of certain other expenses owed by the NRA to the SCF and included in due from affiliates.

The NRA paid administrative and fundraising expenses of $38,762,499 and $4,892,637 for the years ended December 31, 2016 and 2015, respectively, on behalf of the PVF.