SECOND AMENDMENT FOUNDATION

REPORT ON AUDIT OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA

for the years ended December 31, 2014 and 2013

GUNNING
STENSON
& PRICE

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees
Second Amendment Foundation
Bellevue, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Second Amendment Foundation ("Foundation"), which comprise the Statement of Financial Position as of December 31, 2014 and 2013, the related statements of activities and comprehensive changes in net assets, 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.

Basis for Qualified Opinion

As more fully described in Note 3 to the financial statements, the Foundation has elected to account for its investment in broadcast stations and internet media web site on the cost method. In our opinion, the investments should be consolidated in order to conform to generally accepted accounting principles. The effect on the financial statements of not consolidating the investment is not determinable.

Qualified Opinion

In our opinion, except for the effects of not consolidating its investment in broadcast stations and internet media web site as discussed in the preceding paragraph, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2014 and 2013, and the comprehensive changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Gunning, Stenson & Price CPA PS

May 27, 2015
Bellevue, Washington

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SECOND AMENDMENT FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2014 and 2013

ASSETS

	2014	2013
Current assets:		
Cash:		
On deposit	$1,685,292	$2,054,656
Undeposited cash receipts	126,237	252,600
Short-term investments	1,463,331	1,385,790
Accounts receivable		
Trade	14,576	29,177
Affiliate	3,810	3,810
Short term loan to employee and other	23,820	14,717
Prepaid expenses and other assets	9,791	9,747
Total current assets	3,326,857	3,750,497
Investment in marketable securities	346,476	285,235
Furniture and equipment, less accumulated depreciation of $460,928 and $457,547 in 2014 and 2013, respectively	5,684	3,170
Investment in broadcast stations	1,392,399	1,392,399
Investment in internet media web site	137,815	137,815
Other assets	14,583	14,583
Total assets	$5,223,814	$5,583,699

LIABILITIES AND NET ASSETS

	2014	2013
Current liabilities:		
Accounts payable and accrued expenses:		
Trade	$ 267,867	$ 294,989
Affiliates	429,259	388,839
Deferred subscription revenue	63,496	106,938
Total current liabilities	760,622	790,766
Deferred subscription revenue	7,742	8,284
Total liabilities	768,364	799,050
Commitments		
Net assets:		
Accumulated comprehensive income	238,083	180,881
Net unrestricted assets	4,217,367	4,603,768
Total net asset	4,455,450	4,784,649
Total liabilities and net assets	$5,223,814	$5,583,699

The accompanying notes are an integral part
of the financial statements

SECOND AMENDMENT FOUNDATION

STATEMENT OF ACTIVITIES AND
COMPREHENSIVE CHANGES IN NET ASSETS

for the year ended December 31, 2014 and 2013

	2014	2013
Revenues:		
Contributions	$4,084,040	$5,465,110
Program service recovery	50,627	31,792
Subscription and advertising income	229,490	262,717
Interest and dividends	16,586	12,950
Other	81,300	56,910
Total revenues	4,462,043	5,829,479
Expenses:		
Public education	2,803,484	3,120,839
Legal action	524,132	378,122
Fund raising	1,252,996	1,330,141
Management, general and administration	267,832	276,248
Total expenses	4,848,444	5,105,350
Change in net assets	(386,401)	724,129
Unrealized gain/(loss) on stock	57,202	16,959
Comprehensive change in net assets	(329,199)	741,088
Net assets, beginning of year	4,784,649	4,043,561
Net assets, end of year	$4,455,450	$4,784,649

The accompanying notes are an integral part
of the financial statements

SECOND AMENDMENT FOUNDATION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in unrestricted net assets	$ (386,401)	$ 724,129
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	3,381	3,741
Donated stock	(4,039)	(32,981)
Gain on sale of donated stock		
Changes in:		
Accounts receivable	14,601	(20,103)
Prepaid expenses and other assets	(44)	2,989
Deferred subscription income	(43,984)	39,663
Accounts payable and accrued expenses	13,298	134,081
Total adjustments	(16,787)	127,390
Net cash provided by/(used in) operating activities	(403,188)	851,519
Cash flows provided by investing activities:		
Proceeds from sale of donated stock		
Additions to furniture and equipment	(5,895)	(2,020)
Additions to notes receivable from employee and other	(12,500)	(14,717)
Payments on notes receivable from employee and other	3,397	
Proceeds from sale of short-term investments	1,704,502	1,691,463
Purchase of short-term investments	(1,782,043)	(1,696,882)
Net cash used in investing activities	(92,539)	(22,156)
Net increase/(decrease) in cash	(495,727)	829,363
Cash (including undeposited cash receipts):		
Beginning of year	2,307,256	1,477,893
End of year	$ 1,811,529	$ 2,307,256
Cash paid for interest	$ -0-	$ -0-

The accompanying notes are an integral part of the financial statements

1. The Foundation and Significant Accounting Policies:

Second Amendment Foundation (the "Foundation") is a nonprofit organization incorporated in the State of Washington in 1974. The purpose of the Foundation is to engage in activities relating to the Second Amendment of the United States Constitution. These activities include dissemination of information regarding the historical antecedents of the Second Amendment and its contemporary application to American society; fostering research and study of issues related to the Second Amendment; and, as appropriate, appearing as a friend of the court or engaging in test cases in litigation affecting the Second Amendment. Additionally, the Foundation operates the following publications:

The GunMag	- A monthly magazine that replaces GunWeek, devoted to reporting on gun-related issues.
Women & Guns	- A bi-monthly magazine devoted to educating and reporting gun-related issues to women.
Gottlieb-Tartaro Report	- A monthly newsletter covering current events in the gun rights movement.

Since inception, the Foundation's activities have primarily related to public education concerning the preservation of the individual citizen's right to keep and bear firearms. Public education and fund raising have been conducted in conjunction with direct telephone and mail solicitations of contributions.

Investment in Marketable Securities

The Foundation has adopted FASB Accounting Standards Codification 958, Not-for-Profit Entities ("FASC 958"). Under the provisions of FASC 958, the investments are recorded at the fair market value at December 31, 2014 and 2013 and the unrealized gains or losses for the year are recorded in the statement of activities and comprehensive changes in net assets (Note 2). Realized gains and losses, if any, for the year ended December 31, 2014 and 2013 are recorded in Realized (gain)/loss on securities. At December 31, 2014 and 2013 the aggregate cost and market value of the investment in marketable securities are summarized as follows:

	2014	2013
Market Value	$346,476	$285,235
Cost	108,393	104,354
Cumulative unrealized gain	$238,083	$180,881

Cash and Cash Equivalents and Short-Term Investments

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Short-term investments consist of certificate of deposits with original maturities of six months to eighteen months. The aggregate amount of cash and cash equivalents and certificates of deposit with several banks exceeds the federally insured limit.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Continued

1. The Foundation and Significant Accounting Policies, Continued:

Property, Donated Assets, Depreciation and Amortization

Furniture and equipment, with the exception of donated assets, are stated at cost. Additions and improvements are capitalized; repairs and maintenance are charged to expense. Donated assets are recognized as income and are capitalized at their estimated fair market values when received. Depreciation is provided by the straight-line method over the estimated useful lives of the properties of three to five years.

The cost and related accumulated depreciation and amortization of assets sold are removed from the accounts and resulting gains or losses, if any, are reflected in other revenues.

The Foundation has been named the beneficiary of a charitable remainder trust. The Foundation will be the recipient of the remainder of the trust assets, if any, when the current beneficiary dies. The trustee may exhaust the corpus of the trust for the benefit of the beneficiary. Because the ultimate amount of the trust remainder is uncertain, and could potentially be zero, the Foundation has not recorded any contribution revenue for the split-interest bequest.

Contributions

The Foundation's practice is to record contributions as revenue when collected. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Program Services

During the years ended December 31, 2013 and 2012 the Foundation was successful in legal actions that resulted in the Foundation receiving recovery of the legal fees expended in those actions. In 2013 the amount of the recovery was approximately $31,800. In 2012 the amount of the recovery was approximately $412,000. Approximately $241,800 of the $412,000 was remitted to outside legal counsel for services and legal costs incurred in those legal actions. The remaining $170,200 represents recovery of legal fees and costs previously paid by the Foundation in those legal actions.

Subscription Income

Income from sales of magazine subscriptions is recognized over the term of the subscription. Deferred subscription income represents paid subscriptions for future issues.

Classification and Recognition of Expenses

The cost of providing various services or activities of the Foundation is reported on a functional basis. Costs that apply to more than one functional purpose are allocated among functions using an appropriate basis. For example, allocations of expenses, such as postage, envelopes, printed material and mailing fees, made to public education and fund raising functions are based upon the content of the material, reasons for the distribution and the audience of the mailing. Other allocation factors include office space occupied, employee time incurred and other pertinent criteria.

Fund-raising costs and costs of compiling mailing lists of prospective contributors are expensed as incurred.

Continued

1. The Foundation and Significant Accounting Policies, Continued:

Donated Services

No amounts are recorded in the financial statements for donated services for which there is no basis available to measure the value of such services, which includes but is not limited to legal services and media advertising. A number of volunteers and businesses have donated their time or services to the program services and fund-raising activities of the Foundation. Donated advertising of approximately $138,000, for which there is an industry rate card, is recorded for the year ended December 31, 2014 as a contribution and an advertising expense in the same amount.

Income Tax Status

The Foundation is exempt from Federal income tax as a nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in these financial statements.

As a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, contributions to the Foundation may be tax deductible.

2. Fair Value of Financial Instruments

FASB Accounting Standards Codification 825, "Financial Instruments" ("FASC 825") requires disclosure about fair value for all financial instruments whether or not recognized, for financial statement purposes. Disclosure about fair value of financial instruments is based on pertinent information available to management at December 31, 2014. Considerable judgment is necessary to interpret market data and develop estimated fair values. Accordingly, the estimates presented are not necessarily indicative of the amount which could be realized on disposition of the financial instruments. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. Management believes that the fair value of cash and cash equivalents, accounts receivable and payable, investments and short term investments approximates carrying value based upon the high liquidity of the instruments.

FASC 825 provides the Foundation with an option to report selected financial assets and liabilities at fair value. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. Management does not anticipate it will have a material effect on the Foundation's financial condition or results of operations. The Foundation did not elect the fair value option as allowed by FASC 825 for its financial assets and liabilities that were not previously carried at fair value. Therefore, material financial assets and liabilities that are not carried at fair value, such as short-term and long-term debt obligations (if any) and trade accounts receivable and payable are still reported at their historical carrying values.

FASB Accounting Standards Codification 820, "Fair Value Measurements and Disclosures" ("FASC 820") defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principals, and expands disclosures about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years.

Continued

2. Fair Value of Financial Instruments, continued:

The Foundation adopted the methods of measuring fair value described in FASC 820. As defined in FASC 820, fair value is base on the prices 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. In order to increase consistency and comparability in fair value measurements, FASC 820 establishes a three-tier fair value hierarchy that prioritizes the inputs used to measure fair value. These tiers include:

Level 1 – defined as observable inputs such as quoted market prices in active markets
Level 2 – defined as inputs other than quoted prices in active markets that are either directly or indirectly observable
Level 3 – defined as unobservable inputs for which little or no market data exists, thereby requiring an entity to develop its own assumptions.

At December 31, 2014 and 2013, the Foundation has certain assets that are required to be measured at fair value on a recurring basis. For certain broadcast company and internet media website investments management has determined that those assets should be carried on the books of the Foundation at the cost basis (unless estimated fair value is less than cost) determined as discussed in the following footnotes. All other stock investments (included in Level 1) are recorded at fair value. Management has chosen to disclose the estimated fair value of all investments. The assets and the respective estimated fair values are classified in the table below in one of the three categories of the fair value hierarchy described above.

As of December 31, 2014

Description	Cost	Fair Value	Level 1	Level 2	Level 3
Available for sale securities	$108,393	$346,476	$346,476		
Radio Station KBNP stock	$730,500	$2,000,000		$2,000,000	
Radio Station KSBN stock	$237,000	$500,000			$500,000
Radio Station KITZ stock and KGTK stock (owned by KITZ)	$424,899	$950,000			$950,000
Keep and Bear Arms Web stock	$137,815	$137,815			$137,815

As of December 31, 2013

Description	Cost	Fair Value	Level 1	Level 2	Level 3
Available for sale securities	$104,354	$285,235	$285,235		
Radio Station KBNP stock	$730,500	$2,000,000		$2,000,000	
Radio Station KSBN stock	$237,000	$500,000			$500,000
Radio Station KITZ stock and KGTK stock (owned by KITZ)	$424,899	$950,000			$950,000
Keep and Bear Arms Web stock	$137,815	$137,815			$137,815

Continued

2. Fair Value of Financial Instruments, continued:

Level 1 – Level 1 inputs consist of the number of shares owned by the Foundation multiplied by the publically traded market price on December 31.

Level 2 – Level 2 inputs consist of an independent appraisal on the broadcast station used by the Board of Directors (See Note 3).

Level 3 - The fair values for all other investments in broadcast properties and web-site (Level 3) could not be determined without incurring excessive costs. The investments represent stock ownership of several broadcast properties including radio and television stations and a web-site (see Note 3). All of the broadcast properties and web-site stock held by the Foundation is in untraded companies that are privately held. The estimated fair values noted in the table are based on management's experience in the field of broadcasting. Management considered such input values as daytime and nighttime broadcast wattage as provided by FCC regulation, audience size and demographics and potential for upgrade of transmitter and broadcast area, broadcast market and location. Based on the inputs, management estimated the fair values of each of the investments at December 31, 2014 and 2013. Considerable judgment is necessary to interpret market data and develop estimated fair values. Accordingly, the estimates presented are not necessarily indicative of the amount which could be realized on disposition of the financial instruments. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

There were no material changes in the input assumptions or estimated fair values for any of the Level 3 investments from December 31, 2013 to December 31, 2014. Since the Foundation carries the investments on the lower of fair value or cost basis, there is no change in the recorded unrealized gain or loss for the year ended December 31, 2014 for the level 3 investments.

3. Investment in Broadcast Stations, Internet Media Web Site and Network:

Radio Stations

KBNP Radio – At December 31, 2014 and 2013 the Foundation and an affiliated organization each own 50% of KBNP Radio, Inc. stock ("KBNP") (which broadcasts in Portland, Oregon). At December 31, 2008 the Foundation and an affiliated organization each owned 33% and a director owned 34% of KBNP Radio Inc. stock. The investment is accounted for under the cost method. During the year ended December 31, 2008, the Board of Directors of the Foundation approved a purchase of 17% of the 34% ownership of the director. The Board of Directors obtained an appraisal to determine the fair market value of the station in December, 2008. Based on that appraisal, the Board approved a purchase of 17% of the directors 34% ownership at a 20% discount from the appraised value. Simultaneously an affiliated group purchased the other 17% of the directors 34% for the same amount. The purchase for the half of the directors 34% in the amount of $544,000 was paid in April, 2009. The Foundation purchased approximately $43,560 and $51,800 of advertising time on KBNP during 2014 and 2013, respectively.

The Foundation has a Multiple Advance Promissory Note receivable from KBNP Radio, Inc. (the "Borrower"). Under the terms of the note, the Foundation is obligated to advance up to $50,000 to KBNP. Any amount outstanding under the note bears interest at 8% per year from the date advanced until paid. The Borrower agrees to pay principal and interest in full on demand. The Foundation had no advances outstanding as of December 31, 2014 and December 31, 2013.

Continued

3. Investment in Broadcast Stations, Internet Media Web Site and Network, continued:

KSBN Radio - The Foundation and an affiliate each own 50% of the stock of KSBN Radio, Inc. ("KSBN") (which broadcasts in Spokane, Washington). The investment is carried on the cost method.

Effective January 1, 2008 the Foundation converted the note receivable to a direct equity investment in the station and removed the accrued interest and related reserve account. The Foundation purchased $20,000 and $27,500 of advertising time from KSBN during 2014 and 2013, respectively.

KITZ Radio - During 1999, the Foundation purchased $40,000 of advertising time on KITZ, a radio station serving the Seattle, Washington market. In exchange for purchasing the advertising, the Foundation also received a 20% ownership interest in the radio station. The advertising time was expensed over the two year term of the contract. The stock acquired in exchange for the advertising is being carried on the books of the Foundation with no cost basis.

In December 2000 the Foundation and an affiliate organization purchased all of the outstanding shares (15,000 shares each) of KITZ radio station. The Foundation's portion of the purchase was $238,750. Management of the Foundation believes that the purchase price reflects the distressed nature of KITZ and the existing ownership position of the Foundation at the time of purchase, and is not representative of the fair market value of the station at the date of purchase. An initial payment of $75,000 was made at closing and a non-interest bearing note with a $350,000 face value ($175,000 attributable to the Foundation) was issued for the remainder of the purchase price. In accordance with Generally Accepted Accounting Principles the note was discounted using the Foundation's effective borrowing rate, estimated by management of the Foundation as 8%. The discounted value of the note is $163,750. The investment is carried on the cost basis.

Effective January 1, 2008 the Foundation converted the note receivable from KITZ to a direct equity investment in the station and removed the accrued interest and related reserve account.

In November, 2003 KITZ entered into a purchase agreement to buy the assets of a radio station in Olympia, Washington for $300,000. The purchase was completed in April, 2004 after the approval of the Federal Communication Commission. The call letters of the station were changed to KGTK. The stock was acquired with an initial payment of $100,000 ($50,000 attributable to the Foundation ownership) at closing, and a non-interest bearing note with a $200,000 face value ($100,000 attributable to the Foundation's ownership in KITZ) was issued for the remainder of the purchase price. The note was collateralized by all of the assets, equipment, material and deposits of KGTK and personally guaranteed by the Chairman of the Board of the Foundation. Because the note payable was between KITZ and KGTK, the Foundation did not record a discounted liability on their books. The $100,000 commitment attributable to the Foundation's ownership of KITZ was recorded as a purchase commitment in the full amount at December 31, 2004.The purchase commitment was paid in full in March, 2008.

During 2014 and 2013 the Foundation purchased $84,000 and 64,000, respectively, of advertising time on KITZ and KGTK.

Continued

3. Investment in Broadcast Stations, Internet Media Web Site and Network, continued:

Internet Media Web Site

In September, 2004 the Foundation acquired 50% of the stock of KeepAndBearArms.com ("KABA.com") (a profit corporation). The remaining 50% was purchased by an affiliate of the Foundation. The Foundation's portion of the stock purchase was $150,000. The purchase agreement required an initial down payment of $30,000 and a non interest bearing note with payments of $5,000 a month, for twenty four months. In accordance with Generally Accepted Accounting Principles the note was discounted using the Foundation's effective borrowing rate, estimated by management of the Foundation as 6%. The original discounted value of the note was $112,815. The portion of the stock acquired through the purchase is carried on the cost basis.

Under the terms of the purchase agreement, the Foundation received a $5,000 discount on the purchase price for accelerating the purchase note payments. The $5,000 discount was recorded in the year ended December 31, 2006 as a reduction in the historical cost of the investment. The Foundation purchased approximately $8,000 and $5,000 of advertising time from KABA.com for each of the years ended December 31, 2014 and 2013.

4. Related-Party Transactions:

Certain members of management of the Foundation are either principal owners or officers of various affiliated organizations that have transactions with the Foundation, and the Foundation is a member of the Service Bureau Association, Inc. (a nonprofit cooperative). These organizations and the Foundation conduct their operations in adjacent facilities. These organizations and the cost of services provided or goods received in 2014 and 2013 are as follows:

	2014	2013
Data processing, accounting and telemarketing:		
Service Bureau Association, Inc. (providing services at cost)	$797,210	$816,720
Mail, marketing and list rental:		
Merril Associates	$574,999	$658,584
Books:		
Merril Press/MMM, Inc.	$30,285	$51,625

5. Commitments:

Leases

The Foundation has entered into an agreement to lease a portion of an office building located in Bellevue, Washington, for its normal business operations from a Trustee. The Foundation along with another nonprofit organization has the right to acquire the land and related buildings at a fair market price should the property be offered for sale in the future. The lease agreement was extended to October, 2008 and the monthly rental at December 31, 2008 was $4,700. After October, 2008 the rent was due on a month-to-month basis at the same rental rate of $4,700 a month. The management of the Foundation may negotiate with the Trustee and director for an extension to the lease. The Foundation is responsible for operating costs associated with the property. Rental expense paid by the Foundation was $56,400 in 2014 and 2013, under this lease agreement.

Continued

5. Commitments, continued:

Until August 31, 2007 the Foundation had a month-to-month lease with a Trustee, who owned the publication office facilities, located in Buffalo, New York. The lease agreement required payments of $600 per month plus other operating costs. Effective September 1, 2007, the Trustee sold the building to a third party and the Trustee entered into a one year lease for the same location. That lease requires monthly payments of $975 plus other operating costs. The Trustee and the Foundation have an agreement that the Foundation will pay the Trustee the amount of the rent and other costs as prescribed under the terms of the Trustee's lease with the new building owner. The Trustee's lease with the building owner expired on August 31, 2008 and is a month-to-month agreement from that date forward. Rental expense paid by the Foundation for the years ended December 31, 2014 and 2013 for the agreement with the Trustee was approximately $11,700 each year.

The Service Bureau Co-op, of which the Foundation is a member, has an operating lease that expires in 2015 for equipment at a monthly rate of $290. The equipment is used for the benefit of the Foundation and an affiliate, consequently the Foundation has been allocated portion of the monthly payment obligation.

The Foundation also has an equipment lease with an affiliate. The Foundation's portion of the monthly payment is approximately $546, and expires in 2017.

Total rental expense under these and other operating lease agreements for the years ended December 31, 2014 and 2013 were approximately $77,445 and $72,900, respectively.

At December 31, 2014, future minimum annual payments under non cancelable operating lease agreements are as follows:

2015	$7,117
2016	$6,552
2017	$4,368

6. Subsequent Events:

Subsequent events were evaluated through May 27, 2015, which is the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees
Second Amendment Foundation
Bellevue, Washington

Our report on the audit of the financial statements of Second Amendment Foundation as of December 31, 2014 and 2013 and for the years then ended, which is qualified because the Foundation has elected to account for its investment in broadcast station and web-site on the cost method, appears on Page 1. This audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Expenses for the years ended December 31, 2014 and 2013 on pages 14 through 16 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Gunning, Stenson & Price CPA PS
Bellevue, Washington
May 27, 2015

GUNNING STENSON & PRICE
Certified Public Accountants

Key Bank Building • 10655 NE 4th Street, Suite 611 • Bellevue, Washington 98004 • Phone: 425.462-1151 Fax: 425.454-2691

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SECOND AMENDMENT FOUNDATION

SCHEDULE OF EXPENSES

for the year ended December 31, 2014

	Public Education	Legal Action	Fund Raising	Management, General and Administrative	Total
Salaries, payroll taxes and employee benefits	$ 340,887	$ 10,800	$ 5,849	$103,422	$ 460,958
Printing	288,251		233,500		521,751
Telephone	1,285	240	574	165	2,264
Supplies	5,307	993	2,373	682	9,355
Conferences, conventions and trips	204,037			4,145	208,182
Professional fees and service contracts	223,727		203,340	67,655	494,722
Legal defense		503,560			503,560
Depreciation and amortization				3,233	3,233
Publicity and advertising	440,059				440,059
Postage and shipping	500,977		381,747		882,724
Repairs and maintenance				39,061	39,061
Research	1,798				1,798
Interest and bank charges				17,486	17,486
Rent	45,673	8,539	20,413	5,864	80,489
Telephone marketing	229,340		229,340		458,680
Book program	32,738				32,738
Taxes				3,338	3,338
Mailing list	178,505		175,860		354,365
Publishing expenses (Page 16)	306,915				306,915
Miscellaneous	3,985			22,781	26,766
Total	$2,803,484	$524,132	$1,252,996	$267,832	$4,848,444
Percentage of expenses	57.82%	10.81%	25.84%	5.52%	100.00%

SECOND AMENDMENT FOUNDATION

SCHEDULE OF EXPENSES

for the year ended December 31, 2013

	Public Education	Legal Action	Fund Raising	Management, General and Administrative	Total
Salaries, payroll taxes and employee benefits	$ 304,382	$ 10,800	$ 12,298	$ 82,374	$ 409,854
Awards and grants					
Printing	284,220		235,828		520,048
Telephone	6,125	742	2,610	780	10,257
Supplies	14,264	1,728	6,080	1,819	23,891
Conferences, conventions and trips	195,230			469	195,699
Professional fees and service contracts	176,719		124,906	66,555	368,180
Legal defense		358,521			358,521
Depreciation				3,743	3,743
Publicity and advertising	527,553				527,553
Postage and shipping	552,340		393,545		945,885
Repairs and maintenance				48,471	48,471
Research	1,174				1,174
Interest and bank charges				35,107	35,107
Rent	52,251	6,331	22,270	6,662	87,514
Telephone marketing	322,719		316,726		639,445
Book program	62,998				62,998
Taxes				4,082	4,082
Mailing list	216,082		215,878		431,960
Publishing expenses (Page 16)	404,782				404,782
Miscellaneous				26,186	26,186
Total	$3,120,839	$378,122	$1,330,141	$276,248	$5,105,350
Percentage of expenses	61.13%	7.41%	26.05%	5.41%	100.00%

SECOND AMENDMENT FOUNDATION

SCHEDULE OF PUBLICATION EXPENSES

for the year ended December 31, 2014 and 2013

	2014	2013
Salaries, payroll taxes and employee benefits	$ 98,663	$128,764
Printing	103,980	152,832
Telephone	3,210	2,560
Depreciation	147	
Supplies	1,579	2,583
Conferences, conventions and trips	13,236	17,813
Professional fees and service contracts	29,697	34,850
Publicity and advertising	3,943	5,230
Postage and shipping	38,611	46,032
Interest and bank charges	878	1,582
Rent	12,187	11,982
Miscellaneous	784	554
Total	$306,915	$404,782