PARTNERSHIP FOR PUBLIC SERVICE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015

CALIBRE
CPA GROUP
Bethesda, MD

PARTNERSHIP FOR PUBLIC SERVICE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Partnership for Public Service, Inc.

We have audited the accompanying financial statements of the Partnership for Public Service, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

7501 Wisconsin Avenue | Suite 1200 West | Bethesda, MD 20814 | T: 202.331.9880 | F: 202.331.9890 | calibrecpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership for Public Service, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Calibre CPA Group, PLLC

Bethesda, MD
June 3, 2016

Partnership for Public Services, Inc.

Statements of Financial Position

December 31, 2015 and 2014

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	$ 5,912,536	$ 4,575,261
Restricted cash	386,475	130,936
Accounts receivable	2,045,726	906,644
Pledges receivable	815,710	2,659,342
Prepaid expenses	192,135	193,331
Total current assets	9,352,582	8,465,514
Net property and equipment	2,693,241	1,240,961
Other assets		
Investments	12,953,636	13,164,068
Pledges receivable, net of current	200,000	-
Deposits	316,630	394,630
Total other assets	13,470,266	13,558,698
Total assets	$ 25,516,089	$ 23,265,173
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 861,758	$ 245,604
Refundable advances	178,000	240,000
Deferred revenue	4,807,393	3,051,026
Deferred rent - current portion	107,385	107,385
Total current liabilities	5,954,536	3,644,015
Deferred rent - noncurrent	1,727,283	1,310,970
Total liabilities	7,681,819	4,954,985
Net assets		
Unrestricted		
Undesignated	2,962,262	1,950,458
Board designated	12,953,636	13,164,068
Total unrestricted	15,915,898	15,114,526
Temporarily restricted	1,918,372	3,195,662
Total net assets	17,834,270	18,310,188
Total liabilities and net assets	$ 25,516,089	$ 23,265,173

See accompanying notes to financial statements.

PARTNERSHIP FOR PUBLIC SERVICES, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	$ 798,149	$ 200,000	$ 998,149	445,737	$ 350,000	$ 795,737
Special events	554,911	-	554,911	447,982	-	447,982
Membership revenue	560,652	-	560,652	443,250	-	443,250
In-kind contributions	556,570	-	556,570	100,153	-	100,153
Sponsorship revenue	2,162,497	-	2,162,497	1,919,796	-	1,919,796
Grant revenue	420,000	2,221,273	2,641,273	299,500	327,500	627,000
Fee for service revenue	6,528,276	-	6,528,276	4,490,946	-	4,490,946
Investment income (loss)	(204,113)	-	(204,113)	123,357	-	123,357
Other revenue	297,485	-	297,485	140,577	-	140,577
Net assets released from restrictions	3,698,563	(3,698,563)	-	2,691,948	(2,691,948)	-
Total support and revenue	15,372,990	(1,277,290)	14,095,700	11,103,246	(2,014,448)	9,088,798
EXPENSES						
Program services						
Education and outreach	1,287,669	-	1,287,669	1,131,469	-	1,131,469
Center for government leaders	5,357,687	-	5,357,687	3,585,255	-	3,585,255
Government transformation and agency partnerships	1,518,631	-	1,518,631	1,349,748	-	1,349,748
Policy and research	1,522,839	-	1,522,839	1,480,447	-	1,480,447
Communication	1,829,485	-	1,829,485	1,680,528	-	1,680,528
Government affairs	556,766	-	556,766	441,588	-	441,588
Ready to Govern	969,741	-	969,741	-	-	-
Other program services	223,836	-	223,836	111,652	-	111,652
Total program services	13,266,654	-	13,266,654	9,780,687	-	9,780,687
Supporting services						
Management and general	334,002	-	334,002	350,905	-	350,905
Fundraising	970,962	-	970,962	965,284	-	965,284
Total support services	1,304,964	-	1,304,964	1,316,189	-	1,316,189
Total expenses	14,571,618	-	14,571,618	11,096,876	-	11,096,876
CHANGES IN NET ASSETS	801,372	(1,277,290)	(475,918)	6,370	(2,014,448)	(2,008,078)
NET ASSETS						
Beginning of year	15,114,526	3,195,662	18,310,188	15,108,156	5,210,110	20,318,266
End of year	$ 15,915,898	$ 1,918,372	$ 17,834,270	$ 15,114,526	$ 3,195,662	$ 18,310,188

See accompanying notes to financial statements.

Partnership for Public Services, Inc.

Statements of Cash Flows

Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	$ (475,918)	$ (2,008,078)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	265,212	266,815
Net depreciation in fair value of investments	855,276	712,531
Cash transferred to restricted cash accounts	(255,539)	(55,504)
Changes in operating asset and liabilities:		
Accounts receivable	(1,139,082)	146,647
Pledges receivable	1,643,632	2,165,316
Prepaid expenses	1,196	(16,235)
Deposits	78,000	-
Accounts payable and accrued expenses	616,154	37,466
Refundable advances	(62,000)	212,304
Deferred revenue	1,756,367	1,113,201
Deferred rent	416,313	(65,756)
Net cash provided by operating activities	3,699,611	2,508,707
Cash flows from investing activities		
Purchase of investments	(644,844)	(832,336)
Purchases of property and equipment	(1,717,492)	(14,904)
Net cash used for investing activities	(2,362,336)	(847,240)
Net increase in cash and cash equivalents	1,337,275	1,661,467
Cash and cash equivalents		
Beginning of year	4,575,261	2,913,794
End of year	$ 5,912,536	$ 4,575,261

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION

Partnership for Public Services, Inc. (the Partnership) was incorporated in 1999 as the Institute for the Reform of Government Service. Subsequent to December 31, 2001, the Institute for the Reform of Government Service changed its name to Partnership for Public Service, Inc. The Partnership's mission is working to revitalize the Federal government by inspiring a new generation to serve and by transforming the way government works. The Partnership envisions a dynamic and innovative Federal government that effectively serves the American people.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements are presented in accordance with the accrual method of accounting.

Basis of Presentation - The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its authoritative guidance related to financial statements of not for-profit organizations. Under this authoritative guidance, the Partnership is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted and permanently restricted depending on the existence or nature of any donor restrictions. For the years ended December 31, 2015 and 2014, the Partnership did not have any permanently restricted net assets.

Net Asset Classification - The net assets are reported as follows:

- **Unrestricted net assets** - includes unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Partnership and include both internally-designated and undesignated resources.

- **Temporarily restricted net assets** - includes revenue and contributions subject to donor-imposed stipulations that will be met by actions of the Partnership and/or passage of time. When a restriction expires, temporarily restricted net assets are reported in the statement of activities as net assets released from restrictions.

Use of Estimates - The preparation of financial statements in conformity with U.S. 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Partnership considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. During 2015, the Partnership held restricted cash separately from the unrestricted cash balance for two grants requiring the Partnership to deposit their funds in individual accounts.

Pledge Receivable - Contributions are recognized when the donor makes a promise to give to the Partnership that is, in substance, unconditional. Contributions restricted by donors are initially recorded as increases in temporarily restricted support and reclassified to unrestricted net assets when the time restrictions expire or purpose restrictions are met.

Conditional contributions are recognized when conditions are considered to be met. Amounts received prior to conditions being met are considered refundable advances and are classified as a liability on the statements of financial position. As of December 31, 2015 and 2014, the Partnership reported $178,000 and $240,000, respectively, of refundable advances related to a grant conditioned to the stability in the employment status of any key employee.

Investments - Investments consist of amounts held in short-term cash reserves, money market and The Investment Fund of Foundation (TIFF) investment program and are carried at fair value, as determined by published market prices. Income earned on these investments is derived from interest, dividends and changes in fair value. Unrealized gains (losses) resulting from increases (decreases) in fair value of shares held as well as the net realized gains (losses) arising from sales of shares are included in the statements of activities as an increase or decrease in unrestricted net assets from investment income.

Accounts Receivable - Accounts receivable are carried at original invoice amounts less an estimate for doubtful receivables based on an annual review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as revenue when received. At December 31, 2015 and 2014, there is no provision for doubtful accounts based on management's evaluation of the collectability of receivables.

Property and Equipment - Property and equipment purchased or donated with a value in excess of the Partnership's capitalization threshold are capitalized when acquired, recorded at cost (or fair market value in the case of donated property) and depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvement costs are capitalized and amortized using the straight-line method over the term of the lease or useful life, whichever is shorter. The Partnership capitalizes all property and equipment purchases of at least $1,000. Costs of repairing and maintaining equipment and amounts below the capitalization threshold of $1,000 are not capitalized and are included in expenses.

Revenue Recognition - Revenue is recognized during the period in which it is earned. Revenue received in advance and not yet earned is deferred to the applicable period.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services - Donated services are recognized as contributions in accordance with authoritative guidance, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Partnership.

Income Taxes - The Partnership is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Partnership qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Business income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes.

The Partnership accounts for income taxes in accordance with the Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Partnership performed an evaluation of uncertain tax positions for the years ended December 31, 2015 and 2014, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of December 31, 2015, the statute of limitations for tax years 2012 through 2014 remains open with the U.S. Federal jurisdiction and the various states and local jurisdictions in which the Partnership files returns. It is the Partnership's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in unrelated business income tax expense.

Functional Expenses - Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based upon periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but contribute to the overall support and direction of the Partnership.

Concentration of Credit Risk - Financial instruments that potentially subject the Partnership to significant concentrations of credit risk consist primarily of cash and cash equivalents, investments, accounts receivable, and pledges receivable. Management believes the risk of loss associated with cash and cash equivalents is low because cash and cash equivalents are maintained in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. However, at various times throughout the year, including year-end, the Partnership had cash and cash equivalents on deposit in one financial institution in amounts that exceed the federally insured amount. At December 31, 2015, the Partnership had cash balances on deposit that exceeded the amounts insured by the FDIC by approximately $6,165,000.

Accounts receivable are primarily from contracts with agencies of various state governments and pledges receivable are from pledges from individual donors. Accounts receivable are generally due within 30 days and no collateral is required.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Partnership invests in a professionally managed portfolio that contains marketable equity and bond mutual 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 values of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Reclassifications - Certain amounts from the prior year have been reclassified to conform with the current year presentation.

NOTE 3. PLEDGES RECEIVABLE

As of December 31, 2015, pledges receivable is comprised of amounts due to the Partnership within one year or less. The Partnership had pledges receivable in the amount of 1,015,710 and 2,659,342 as of December 31, 2015 and 2014, respectively. No allowance for uncollectible accounts has been recorded since management expects these to be collected in the short-term.

Pledges receivable were due as of December 31, 2015 and 2014 as follows:

	2015	2014
Amounts due in:		
One year	$ 815,570	$ 2,659,342
One to 5 years	200,000	-
	$ 1,015,570	$ 2,659,342

NOTE 4. INVESTMENTS

Investments consist of the following at December 31, 2015 and 2014:

	2015	2014
TIFF Multi-asset fund	$ 11,961,698	$ 12,170,118
TIFF Short-term fund	991,938	993,950
Total investments	$ 12,953,636	$ 13,164,068

NOTE 4. INVESTMENTS (CONTINUED)

For the years ended December 31, 2015 and 2014, investment income, including interest income, consists of the following:

	2015	2014
Dividends and interest	$ 651,163	$ 837,648
Net realized gain	-	1,361
Net unrealized loss	(855,276)	(715,652)
Total investment income	$ (204,113)	$ 123,357

Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are inputs that the market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect the Partnership's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is measured in three levels based on the availability of inputs:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the security.

Level 3 – Pricing inputs are unobservable for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Level 3 includes private portfolio investments that are supported by little or no market activity.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 4. INVESTMENTS (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014:

TIFF: The Investment Fund of Foundation (TIFF) investment program consists of two mutual funds at present: TIFF Multi-Asset Fund (MAF) and TIFF Short-Term Fund (STF). MAF employs a fair value model to adjust prices to reflect events affecting the values of certain portfolio securities that occur between the close of trading on the principal market for such securities (foreign exchange and over the counter markets) and the time at which the net asset value of the fund is determined. STF includes short-term debt securities having a remaining maturity of 60 days or less are valued at amortized cost, which approximates fair value, and short-term debt securities having a remaining maturity of greater than 60 days are valued at their market value.

The following table sets forth by level, within the fair value hierarchy, the Partnership's investments at fair value as of December 31, 2015 and 2014:

	Total Investment at 12/31/15	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservble Inputs (Level 3)
TIFF Multi-asset fund	$ 11,960,711	$ -	$ 11,960,711	$ -
TIFF Short-term fund	992,925	-	992,925	-
Total investments	$ 12,953,636	$ -	$ 12,953,636	$ -

	Total Investment at 12/31/14	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservble Inputs (Level 3)
TIFF Multi-asset fund	$ 12,170,118	$ -	$ 12,170,118	$ -
TIFF Short-term fund	993,950	-	993,950	-
Total investments	$ 13,164,068	$ -	$ 13,164,068	$ -

Changes in Fair Value Levels - The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE 4. INVESTMENTS (CONTINUED)

The following table summarizes the Partnership's investments in certain funds that calculate net asset value per share as fair value measurement as of December 31, 2015 by investment category:

Description	Fair Value (in millions)	Unfunded Commitments (in millions)	Redemption Frequency	Redemption Notice Period
TIFF Short-term fund	$ 0.99	$ -	quarterly, annually	30-90 days
TIFF Multi-asset fund	11.96	-	quarterly, annually	30-90 days

The following table summarizes the Partnership's investments in certain funds that calculate net asset value per share as fair value measurement as of December 31, 2014 by investment category:

Description	Fair Value (in millions)	Unfunded Commitments (in millions)	Redemption Frequency	Redemption Notice Period
TIFF Short-term fund	$ 0.99	$ -	quarterly, annually	30-90 days
TIFF Multi-asset fund	12.17	-	quarterly, annually	30-90 days

NOTE 5. PROPERTY AND EQUIPMENT

The property and equipment held by the Partnership consist of the following components at December 31, 2015 and 2014:

	2015	2014
Furniture and equipment	$ 706,205	$ 432,460
Computer equipment	682,853	551,173
Leasehold improvements	2,953,289	1,641,222
	4,342,347	2,624,855
Less: accumulated depreciation and amortization	(1,649,106)	(1,383,894)
Total property and equipment	$ 2,693,241	$ 1,240,961

Depreciation and amortization expense for the years ended December 31, 2015 and 2014 was $265,212 and $266,815, respectively.

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets result from gifts of cash or other assets with donor imposed restrictions that require that such resources be used in a later period or after a specified date or that the resources be used for a specified purpose. Temporarily restricted funds are "released from restrictions" when the specified date passes or amounts are expended for the purpose specified. Unconditional promises to give a contribution in a future year are not available to be spent until the actual contribution is received, and accordingly, are included in temporarily restricted net assets until the contribution is received. Temporarily restricted funds are considered unconditional promises to give if the related restrictions are met within the same accounting period. Unconditional promises to give are reported as unrestricted support when the donor's intention is to support current-period activities.

Uncollected pledges are considered time restricted and are classified as temporarily restricted. The uncollected pledges for the general operating contribution and the Developing Strong Leaders extend to future periods, and are considered time restricted and, as such, are classified as temporarily restricted. At December 31, 2015 and 2014, temporarily restricted net assets consist of the following:

	2015	2014
General operating contribution	$ 500,000	$ 2,212,000
Developing Strong Leaders	268,904	786,119
White House OSTP	561,968	148,270
Charina Endownment	150,000	25,000
Pocantico Conference	-	24,273
Ford Foundation	437,500	-
Total	$ 1,918,372	$ 3,195,662

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors for the years ended December 31, 2015 and 2014:

	2015	2014
Time restrictions expired	$ 2,787,000	$ 2,079,430
Purpose restriction met	911,563	612,518
Total	$ 3,698,563	$ 2,691,948

NOTE 7. BOARD DESIGNATED NET ASSETS

During 2003, the Board of Directors approved the reallocation of operating funds to establish a reserve fund. It was anticipated that beginning in 2011, the Partnership will be able to use the interest income from this reserve fund for partial funding of the Partnership's programs. At December 31, 2015 and 2014, the amount accumulated for the reserve fund was $12,953,636 and $13,164,068, respectively. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as unrestricted net assets.

Endowment Composition

Interpretation of Relevant Law - The Uniform Prudent Management of Institutional Fund Act (UPMIFA) was adopted by The District of Columbia in 2008. The Partnership interprets UPMIFA as requiring the preservation of the fair value of the original amount as of the date of the board designated reserve funds absent explicit stipulations to the contrary. As a result of this interpretation, the Partnership classifies as board designated net assets the original value of the reserve funds and accumulations to the reserve funds made in accordance with the direction of the applicable designation at the time the accumulation is added to the funds.

In accordance with UPMIFA, the Partnership considers the following factors in making a determination to appropriate or accumulate board designated reserve funds:

- The durations and preservation of the fund
- The purposes of the board designated reserve 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 Partnership
- The investment policies of the Partnership

Investment Policies - The Board of Directors of the Partnership are charged with the responsibility of managing the assets of the Partnership. The overall goal in managing these funds is to generate a long-term total rate of return that provides sustainable distributions to support the mission within reasonable levels risk.

The Board of Directors believe their role is one of setting and reviewing policy and retaining, monitoring, and evaluating advisers and investment managers. It is the Board of Directors desire to find ways to invest these funds in accordance with the principles of the Partnership. The Board of Directors will review the investment policy statement at least annually.

The primary financial objectives of the investment funds (Funds) are to provide a stream of relatively stable and constant earnings in support of annually budgetary needs and preserve and enhance the real (inflation-adjusted) purchasing power of the Funds.

NOTE 7. BOARD DESIGNATED NET ASSETS (CONTINUED)

The reserve fund is held in investments in TIFF funds and is included in investments in the accompanying statements of financial position. It is the intention of the Board that the funds allocated to the reserve fund remain there indefinitely. However, at this time, the funds may, upon approval by the Board, be withdrawn to sustain the Partnership's operations.

The objective of this reserve fund is to provide for long-term financial stability of the Partnership's core mission. To achieve that objective, the Partnership invests in a well-diversified asset mix, which includes equities, debt securities, and cash equivalents which is intended to result in a consistent inflation-protected rate of return while growing the fund if possible. Investment risk is measured in terms of the total reserve fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in board designated net assets for the year ended December 31, 2015 were as follows:

	2015	2014
Board-designated net assets, beginning of year	$ 13,164,068	$ 13,044,263
Dividends and interests	646,091	832,226
Net realized/unrealized loss	(856,523)	(712,421)
Board-designated net assets, end of year	$ 12,953,636	$ 13,164,068

NOTE 8. RELATED PARTY TRANSACTIONS

The Partnership receives a portion of its support from contributions made by members of the Board of Directors. The Partnership received contributions of $289,572 and $215,120 for the years ended December 31, 2015 and 2014, respectively, from these donors.

The Partnership has a contract with a member of its Board of Directors, to provide consulting services to the Partnership regarding program development, recruitment of members of the Board of Directors, outreach to media, collaborative partnership and fundraising. Under the terms of the contract, which was approved by the Board of Directors, absent the member, the Partnership paid the member $50,000 in 2015 and 2014, respectively, for consulting services provided to the Partnership.

NOTE 9. RETIREMENT PLAN

The Partnership provides retirement benefits through a 401(k) savings plan (the Plan) for all employees. Employees become participants in the Plan immediately upon employment. Employees may contribute from 1% to 15% of their eligible earnings. Under the Plan, the Partnership contributes 100% of the first 4% of each employee's contributions. The Partnership recorded contributions of $106,068 and $90,518 to the Plan for the years ended December 31, 2015 and 2014, respectively.

NOTE 10. LEASE COMMITMENTS

In April 2011, the Partnership entered into a 10-year non-cancelable operating lease agreement for new office space through December 31, 2021. As part of the lease agreement, the landlord provided the Partnership with an allowance for tenant improvements of $1,091,750. The improvements for the leased space have been recorded as an asset and deferred rent liability. The new lease has stated escalations in rent and the effect of this has also been reported as deferred rent liability.

In May 2015, the Partnership entered into a 6-year non-cancelable operating lease agreement for additional office space through December 31, 2021. As part of the lease agreement, the landlord provided the Partnership with an allowance for tenant improvements of $437,200. The improvements for the leased space have been recorded as an asset and deferred rent liability. The new lease has stated escalations in rent and the effect of this has also been reported as deferred rent liability.

Following is a schedule of future minimum lease payments required under the headquarters operating lease agreement:

Year Ending December 31,	2016	$ 1,740,444
	2017	1,783,992
	2018	1,828,560
	2019	1,874,256
	2020	2,147,374
		$ 9,374,626

The total rental expense for the years ending December 31, 2015 and 2014 was $1,261,132 and $1,057,289, respectively.

NOTE 11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 3, 2016, which is the date the financial statements were available to be issued. The review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.