Partnership for Public Service, Inc.

Financial Statements

December 31, 2019

Partnership for Public Service, Inc.

Financial Statements

Years Ended December 31, 2019 and 2018

Contents

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CPA GROUP

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of the
Partnership for Public Service, Inc.

We have audited the accompanying financial statements of the Partnership for Public Service, Inc. (a nonprofit organization) (the Partnership), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, cash flows and functional expenses 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the Partnership'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 Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership for Public Service, Inc. as of December 31, 2019 and 2018, 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.

Report on Summarized Comparative Information

We have previously audited the December 31, 2018 financial statements of the Partnership and we expressed an unmodified opinion on those financial statements in our report dated May 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent in all material respects, with the audited financial statements from which it has been derived.

Calibre CPA Group, PLLC

Bethesda, MD
April 24, 2020

Partnership for Public Service, Inc.

Statements of Financial Position

December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 4,498,165	$ 3,532,410
Restricted cash	101,867	443,923
Accounts receivable	3,177,817	2,371,508
Pledges receivable	1,156,572	1,485,666
Prepaid expenses	290,503	134,390
Total current assets	9,224,924	7,967,897
Net property and equipment	828,309	1,278,824
Other assets		
Investments	14,236,596	12,743,272
Deposits	13,842	160,630
Total other assets	14,250,438	12,903,902
Total assets	$ 24,303,671	$ 22,150,623
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 466,386	$ 407,560
Deferred revenue	4,289,544	3,574,525
Deferred rent - current portion	272,320	239,860
Funds held for others	-	300,543
Total current liabilities	5,028,250	4,522,488
Deferred rent - noncurrent	566,592	939,951
Total liabilities	5,594,842	5,462,439
Net assets		
Net assets without donor restrictions		
Board designated	15,246,393	13,128,022
Undesignated	396,354	870,366
Net assets with donor restrictions	3,066,082	2,689,796
Total net assets	18,708,829	16,688,184
Total liabilities and net assets	$ 24,303,671	$ 22,150,623

See accompanying notes to financial statements.

Partnership for Public Service, Inc.

Statements of Activities

Years Ended December 31, 2019 and 2018

	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and revenue						
Contributions	$ 763,635	$ 547,369	$ 1,311,004	$ 672,407	$ 548,000	$ 1,220,407
In-kind contributions	159,579	-	159,579	141,061	-	141,061
Sponsorship revenue	2,662,844	-	2,662,844	2,416,000	-	2,416,000
Grant revenue	-	3,015,124	3,015,124	-	4,207,772	4,207,772
Fee for service revenue	9,480,274	-	9,480,274	9,252,311	-	9,252,311
Investment income	2,118,371	-	2,118,371	(1,274,722)	-	(1,274,722)
Other revenue	211,590	-	211,590	217,363	-	217,363
Net assets released from restrictions	3,186,207	(3,186,207)	-	3,186,606	(3,186,606)	-
Total support and revenue	18,582,500	376,286	18,958,786	14,611,026	1,569,166	16,180,192
Expenses						
Program services						
Leadership - EIG	3,465,362	-	3,465,362	3,394,323	-	3,394,323
Leadership - Agency/FFS	2,046,579	-	2,046,579	2,103,231	-	2,103,231
Leadership - Open Enrollment	1,404,856	-	1,404,856	1,821,345	-	1,821,345
Government Effectiveness	2,505,449	-	2,505,449	1,588,964	-	1,588,964
Workforce and Engagement	1,333,401	-	1,333,401	1,158,282	-	1,158,282
Federal Executive Networks	165,689	-	165,689	183,355	-	183,355
Presidential Transition	579,211	-	579,211	774,487	-	774,487
Communications	1,971,560	-	1,971,560	1,926,672	-	1,926,672
Government Affairs	683,684	-	683,684	664,860	-	664,860
Total program services	14,155,791	-	14,155,791	13,615,519	-	13,615,519
Supporting services						
Operations	1,629,795	-	1,629,795	1,374,643	-	1,374,643
Development	1,152,555	-	1,152,555	1,158,614	-	1,158,614
Total supporting services	2,782,350	-	2,782,350	2,533,257	-	2,533,257
Total expenses	16,938,141	-	16,938,141	16,148,776	-	16,148,776
Changes in net assets	1,644,359	376,286	2,020,645	(1,537,750)	1,569,166	31,416
Net assets						
Beginning of year	13,998,388	2,689,796	16,688,184	15,536,138	1,120,630	16,656,768
End of year	$ 15,642,747	$ 3,066,082	$ 18,708,829	$ 13,998,388	$ 2,689,796	$ 16,688,184

See accompanying notes to financial statements.

Partnership for Public Service, Inc.

Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 2,020,645	$ 31,416
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	482,393	494,992
Net (appreciation) depreciation in fair value of investments	(2,095,988)	2,191,258
Cash transferred to restricted cash accounts	342,056	(174,297)
Changes in operating asset and liabilities		
Accounts receivable	(806,309)	137,171
Pledges receivable	329,094	(1,359,775)
Prepaid expenses	(156,113)	115,739
Deposits	146,788	-
Accounts payable and accrued expenses	58,826	(2,683)
Funds held for others	(300,543)	25,371
Deferred revenue	715,019	(633,816)
Deferred rent	(340,899)	(296,159)
Net cash provided by operating activities	394,969	529,217
Cash flows from investing activities		
Purchase of investments	(83,434)	(955,872)
Proceeds from sales of investments	686,098	699,258
Purchases of property and equipment	(31,878)	(4,967)
Net cash provided by (used for) investing activities	570,786	(261,581)
Net change in cash and cash equivalents	965,755	267,636
Cash and cash equivalents		
Beginning of year	3,532,410	3,264,774
End of year	$ 4,498,165	$ 3,532,410

See accompanying notes to financial statements.

Partnership for Public Service, Inc.

Statement of Functional Expenses

Year Ended December 31, 2019

	Programs											Supporting Services			
	Communications	Enabling Function	Federal Executive Networks	Government Affairs	Government Effectiveness	Leadership Agency/FFS	Leadership EIG	Presidential Transition	Workforce and Engagement	Leadership Open Enrollment	Program Total	Operations	Development	Supporting Services Total	2019 Total Expenses
Salaries															
Fringe benefits and payroll taxes	$ 1,122,605	$ 2,394,008	$ 75,868	$ 481,435	$ 1,032,959	$ 606,392	$ 480,070	$ 422,175	$ 680,144	$ 362,443	$ 7,658,099	$ 1,856,157	$ 857,793	$ 2,713,950	$ 10,372,049
Consultants															
Accounting and legal	25,842	29	-	36,180	226,954	269,192	978,034	-	5,672	247,060	1,788,963	191,582	-	191,582	1,980,545
Travel	5,050	1,910	94	3,282	64,697	64,270	61,642	1,723	9,301	9,026	220,995	17,903	21,495	39,398	260,393
Office supplies	1,690	10	1,051	28	5,458	6,048	33,614	390	1,197	12,458	61,944	50,945	123	51,068	113,012
Office equipment															
Lease	-	-	-	-	-	-	-	-	-	-	-	53,565	-	53,565	53,565
Books and publications	160	104	-	-	29	860	31,796	93	-	2,446	35,488	211	920	1,131	36,619
Miscellaneous	5,975	-	-	-	-	175	-	197	467	141	6,955	28,984	250	29,234	36,189
IT expenses	18,531	1,050	-	143	439	120	-	514	-	-	20,797	182,726	53	182,779	203,576
Rent	-	-	92	-	5,600	-	-	-	-	-	5,692	1,689,792	-	1,689,792	1,695,484
Insurance	-	-	-	-	-	-	-	-	-	-	-	41,443	-	41,443	41,443
Telephone	899	1,311	26	1,078	557	1,975	1,450	34	2,241	7,491	17,062	20,342	55	20,397	37,459
Postage	350	148	-	9	153	1,236	188	-	14	56	2,154	2,978	105	3,083	5,237
Fees	2,319	1,422	1,900	870	226	5,089	22,473	316	2,984	31,990	69,589	252,779	4,200	256,979	326,568
Subscriptions	11,912	-	-	642	-	10	105	-	-	-	12,669	66,759	1,668	68,427	81,096
Assessments	7,395	2,081	-	-	-	76,598	100,998	-	350	45,459	232,881	-	-	-	232,881
Employee education	-	-	-	-	-	-	-	-	-	-	-	45,778	-	45,778	45,778
Advertising	9,051	50	-	-	443	-	6,268	-	4,434	2,059	22,305	-	-	-	22,305
Printing	9,149	4,744	1,237	3,197	21,081	12,368	17,731	2,079	4,134	10,857	86,577	(8,488)	899	(7,589)	78,988
Events	275,710	2,536	11,041	750	22,098	83,490	175,311	19,470	15,780	41,648	647,834	64,581	1,891	66,472	714,306
Equipment and															
furniture	16	-	-	-	-	-	-	-	-	-	16	60,570	-	60,570	60,586
Depreciation and															
amortization	-	-	-	-	-	-	-	-	-	-	-	482,393	-	482,393	482,393
Other expenses	24,841	342	-	-	-	-	-	-	8,090	1,048	34,321	23,348	-	23,348	57,669
Admin allocation	450,065	(2,409,745)	74,380	156,070	1,124,755	918,756	1,555,682	132,220	598,593	630,674	3,231,450	(3,494,553)	263,103	(3,231,450)	-
	$ 1,971,560	$ -	$ 165,689	$ 683,684	$ 2,505,449	$ 2,046,579	$ 3,465,362	$ 579,211	$ 1,333,401	$ 1,404,856	$ 14,155,791	$ 1,629,795	$ 1,152,555	$ 2,782,350	$ 16,938,141

See accompanying notes to financial statements.

Partnership for Public Service, Inc.

Statement of Functional Expenses

Year Ended December 31, 2018

	Programs											Supporting Services			
	Communications	Enabling Function	Federal Executive Networks	Government Affairs	Government Effectiveness	Leadership Agency/FFS	Leadership EIG	Presidential Transition	Workforce and Engagement	Leadership Open Enrollment	Program Total	Operations	Development	Supporting Services Total	2018 Total Expenses
Salaries															
Fringe benefits and payroll taxes	$ 989,204	$ 2,414,828	$ 89,026	$ 509,817	$ 729,562	$ 544,701	$ 504,301	$ 463,607	$ 553,602	$ 519,361	$ 7,318,009	$ 1,561,388	$ 811,070	$ 2,372,458	$ 9,690,467
Consultants															
Accounting and legal	48,140	14,030	-	-	73,048	420,182	906,600	160,176	2,250	278,775	1,903,201	349,010	50,779	399,789	2,302,990
Travel	8,219	5,630	35	2,594	14,802	61,490	63,881	819	12,716	19,637	189,823	17,370	23,474	40,844	230,667
Office supplies	757	125	654	375	3,996	4,388	26,480	347	1,070	14,262	52,454	51,778	175	51,953	104,407
Office equipment															
Lease	-	-	-	-	-	-	-	-	-	-	-	51,516	-	51,516	51,516
Books and publications	3,234	126	-	14	19	4,341	19,100	-	-	4,535	31,369	112	-	112	31,481
Miscellaneous	5,285	-	-	-	-	-	106	-	927	480	6,798	2,372	-	2,372	9,170
IT expenses	37,367	132	-	796	63	25	(98)	104	23	1,674	40,086	165,085	144	165,229	205,315
Rent	-	-	-	-	-	-	-	-	-	-	-	1,666,246	-	1,666,246	1,666,246
Insurance	-	-	-	-	-	-	-	-	-	-	-	35,740	-	35,740	35,740
Telephone	842	1,252	2	1,149	1,017	2,248	456	258	250	3,419	10,893	23,110	100	23,210	34,103
Postage	523	80	60	-	58	900	246	-	62	529	2,458	1,751	500	2,251	4,709
Fees	1,571	934	493	-	501	7,730	24,364	2,854	2,891	24,367	65,705	94,113	3,649	97,762	163,467
Subscriptions	39,899	-	-	656	-	-	-	-	-	-	40,555	28,184	8,003	36,187	76,742
Assessments	300	26,807	-	-	2,340	41,761	95,177	1,795	-	36,825	205,005	-	-	-	205,005
Employee education	-	-	-	-	-	-	-	-	-	-	-	3,167	-	3,167	3,167
Advertising	73,385	-	-	-	-	-	2,293	-	-	1,197	76,875	-	-	-	76,875
Printing	9,289	6,945	836	1,035	15,872	14,020	27,306	2,556	7,701	18,658	104,218	(20,893)	1,355	(19,538)	84,680
Events	267,459	5,849	6,458	924	11,211	26,385	146,892	1,292	28,079	49,263	543,812	38,825	2,326	41,151	584,963
Equipment and furniture	-	-	-	-	-	-	3,245	-	-	-	3,245	27,992	-	27,992	31,237
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	494,992	-	494,992	494,992
Other expenses	13,747	443	772	-	-	141	500	153	11,824	4,101	31,681	29,156	-	29,156	60,837
Admin allocation	427,451	(2,477,181)	85,019	147,500	736,475	974,919	1,573,474	140,526	536,887	844,262	2,989,332	(3,246,371)	257,039	(2,989,332)	-
	$ 1,926,672	$ -	$ 183,355	$ 664,860	$ 1,588,964	$ 2,103,231	$ 3,394,323	$ 774,487	$ 1,158,282	$ 1,821,345	$ 13,615,519	$ 1,374,643	$ 1,158,614	$ 2,533,257	$ 16,148,776

See accompanying notes to financial statements.

NOTE 1. THE PARTNERSHIP

Partnership for Public Service, 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. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Standards Accounting Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Partnership is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

Net Assets - Net assets are reported in two distinct classes as follows:

Net assets without donor restrictions - These net assets are available to finance the general operations of the Partnership. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Partnership, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Partnership is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pledges 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 net assets with donor restrictions and reclassified to net assets without donor restrictions when the time restrictions expire, or purpose restrictions are met.

Investments - Investments are reported at fair value. Fair value is the price that would be received to sell and assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Investments consist of amounts held in short-term cash reserves, money market, The Investment Fund of Foundation (TIFF) Investment Program and the Rosenthal Fellowship Program and are carried at fair value, as determined by published market prices. In addition, the Partnership reports certain investments using the net asset value (NAV) per share method under the so-called "practical expedient." The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. 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 net assets without donor restrictions 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, 2019 and 2018, there were no allowance 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 from contracts with customers consists primarily of sponsorship revenue, fee-for-service revenue and grant revenue. Revenue is recognized when control of the promised goods or services is transferred to our members and customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The revenue is recognized net of discounts, waivers, and refunds. Revenue is recognized using the five-step approach required by ASC Topic 606, as follows:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, performance obligations are satisfied

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service and recognized as revenue when, or as, the performance obligation is satisfied. If a distinct good or service does not have an observable standalone selling price, then the primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

Grants are recognized over the term of the grant. Transaction prices are based on gross prices, net of discounts.

Contract Balances

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities reported in the statement of financial position. Contract assets consist entirely of accounts receivable, which are recognized only to the extent that it is probable that the Partnership will collect substantially all of the consideration to which it is entitled in exchange for the goods or services that will be or have been transferred. Contract liabilities consist entirely of deferred revenue that results when the Partnership receives advance payments from our customers before revenue is recognized.

Costs to Obtain a Contract

The Partnership has elected the practical expedient available in ASC Subtopic 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

Practical Expedients and Optional Exemptions

We have made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities which are both imposed and concurrent with the specific revenue-producing transactions and collected by the Partnership from our customers, e.g., sales and use taxes.

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 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, 2019 and 2018, 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, 2019, the statute of limitations for tax years 2016 through 2018 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 Allocation of Expenses - The costs of providing the various programs and supporting activities of the Partnership have been summarized on a functional basis in the statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort studies. Information technology costs are allocated based on the relative benefit of related activity use. Other common costs such as occupancy, depreciation and related infrastructure costs are allocated based on employee time and effort studies.

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, 2019, the Partnership had cash balances on deposit that exceeded the amounts insured by the FDIC by approximately $3,786,000. The Partnership has not experienced any losses in its cash balances.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

New Accounting Pronouncement Adopted - During the year ended December 31, 2019, the Partnership adopted the provisions of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606). Topic 606 prescribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized, including performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. It also requires expanded disclosures about the nature, amount, and timing of revenues and cash flows. The effects of this change have been applied retrospectively with the cumulative effect of the change in net assets as of December 31, 2018 reported separately in the statements of activities.

NOTE 3. PLEDGES RECEIVABLE

As of December 31, 2019, pledges receivable are comprised of amounts due to the Partnership within one year or less. The Partnership had pledges receivable in the amount of $1,156,572 and $1,485,666 as of December 31, 2019 and 2018, 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, 2019 and 2018 as follows:

	2019	2018
Amounts due in:		
One year	$ 1,156,572	$ 1,485,666
One to 5 years	-	-
	$ 1,156,572	$ 1,485,666

NOTE 4. INVESTMENTS

Investments consist of the following at December 31, 2019 and 2018:

	2019	2018
TIFF Multi-asset fund	$ 12,850,195	$ 11,425,775
TIFF Short-term fund	1,039,332	1,016,954
Mutual fund	313,594	176,321
Money Market fund	33,475	37,800
Savings and time deposits	-	12,137
Certificate of deposit	-	74,285
Total investments	$ 14,236,596	$ 12,743,272

For the years ended December 31, 2019 and 2018, investment income, including interest income, consists of the following:

	2019	2018
Dividends and interest	$ 22,383	$ 916,536
Net realized gain	6,386	18,171
Net unrealized gain (loss)	2,089,602	(2,209,429)
Total investment income (loss)	$ 2,118,371	$ (1,274,722)

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Partnership has the ability to access.

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the term of the asset or liability.

NOTE 4. INVESTMENTS (CONTINUED)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018:

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.

Mutual funds: Valued based on the closing price as of the last day of this fiscal year as quoted on open markets.

Money market funds: Short term (generally less than three months), highly liquid investments those are convertible to known amounts of cash.

Certificates of deposit: Approximates fair value because the instruments are liquid in nature and have short-term maturities.

The following tables set forth by level, within the fair value hierarchy, the Partnership's investments at fair value as of December 31, 2019 and 2018:

	Total Investment at 12/31/19	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservble Inputs (Level 3)
Mutual fund	$ 313,594	$ 313,594	$ -	$ -
Money market fund	33,475	-	33,475	-
	347,069	$ 313,594	$ 33,475	$ -
Investment measured at net asset value*	13,889,527			
Total investments	$ 14,236,596			

NOTE 4. INVESTMENTS (CONTINUED)

	Total Investment at 12/31/18	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservble Inputs (Level 3)
Mutual fund	$ 176,321	$ 176,321	$ -	$ -
Money market fund	37,800	-	37,800	-
Savings and time deposits	12,137	-	12,137	-
Certificate of deposit	74,285	-	74,285	-
	300,543	$ 176,321	$ 124,222	$ -
Investment measured at net asset value*	12,442,729			
Total investments	$ 12,743,272			

*In accordance with Accounting Standards Codification, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

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.

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, 2019 by investment category:

Description	Fair Value (in millions)	Unfunded Commitments (in millions)	Redemption Frequency	Redemption Notice Period
TIFF Short-term fund	$ 1.03	$ -	quarterly, annually	30-90 days
TIFF Multi-asset fund	12.85	-	quarterly, annually	30-90 days

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, 2018 by investment category:

Description	Fair Value (in millions)	Unfunded Commitments (in millions)	Redemption Frequency	Redemption Notice Period
TIFF Short-term fund	$ 1.02	$ -	quarterly, annually	30-90 days
TIFF Multi-asset fund	11.43	-	quarterly, annually	30-90 days

Beginning June 2, 2017, the Partnership became the fiscal agent for the Rosenthal Fellowship Program (the Program). A second amendment was incorporated into the agreement allowing the Partnership to continue as the fiscal agent for the Program through August 31, 2019 or a later date agreed upon between the two parties. Effective October 18, 2019, the Partnership was granted sole control over all funds held or raised by the Program including the rights and duty to invest such funds. The Partnership had investments for the Rosenthal Fellowship for 2019 and 2018 are $347,069 and $300,543, respectively.

NOTE 5. PROPERTY AND EQUIPMENT

The property and equipment held by the Partnership consist of the following components at December 31, 2019 and 2018:

	2019	2018
Furniture and equipment	$ 718,189	$ 712,972
Computer equipment	759,354	754,593
Leasehold improvements	2,974,632	2,952,732
Artwork	10,000	10,000
	4,462,175	4,430,297
Less: accumulated depreciation and amortization	(3,633,866)	(3,151,473)
Total property and equipment	$ 828,309	$ 1,278,824

Depreciation and amortization expense for the years ended December 31, 2019 and 2018 was $482,393 and $494,992, respectively.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions 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. Net assets with donor restrictions 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 net assets with donor restrictions until the contribution is received. Net assets with donor restrictions are considered unconditional promises to give if the related restrictions are met within the same accounting period. Unconditional promises to give are reported as net assets without donor restrictions when the donor's intention is to support current-period activities.

Uncollected pledges are considered time restricted and are classified as net assets with donor restrictions. 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 net assets with donor restrictions. At December 31, 2019 and 2018, net assets with donor restrictions consist of the following:

	2019	2018
General operating contribution	$ 802,560	$ 1,649,000
Center for Presidential Transition	500,000	-
Government Innovation	-	276,071
Bridge Project	167,692	318,797
West Coast Programming and Strategy	122,269	445,928
Rosenthal Fellowship	347,369	-
Internship Fellowship Initiative	55,000	-
Strengthening Federal Talent Pipelines and Cross-Sector Collaboration in California	211,954	-
Research for a New Era: Generating Knowledge for a More Effective Government	445,543	-
Federal Data Strategy	47,453	-
Alliance for Congress	301,625	-
Diversity, Equity Inclusion	29,175	-
Schaeffer Fellows	35,442	-
Total	$ 3,066,082	$ 2,689,796

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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, 2019 and 2018:

	2019	2018
Time restrictions expired	$ 1,605,800	$ 539,690
Purpose restriction met	1,580,407	2,646,916
Total	$ 3,186,207	$ 3,186,606

NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS

During 2003, the Board of Directors (the Board) 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, 2019 and 2018, the amount accumulated for the reserve fund was $15,642,747 and $13,998,388, respectively. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as net assets without donor restrictions.

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 without donor restrictions 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

NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

Investment Policies - The Board 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 believe their role is one of setting and reviewing policy and retaining, monitoring, and evaluating advisers and investment managers. It is the Board desire to find ways to invest these funds in accordance with the principles of the Partnership. The Board 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.

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 without donor restrictions for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Net assets without donor restrictions		
Board-designated, beginning of year	$ 13,128,022	$ 14,402,744
Dividends and interests	22,383	916,536
Net realized/unrealized gain/loss and return of capital	2,095,988	(2,191,258)
Board-designated, end of year	$ 15,246,393	$ 13,128,022

NOTE 8. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Partnership's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Partnership invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal. The Partnership has no line of credit in 2018 or 2019, but has money set aside in their TIFF investments for emergencies if necessary.

NOTE 8. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED)

The following table represents the Partnership's financial assets available to meet cash needs for general expenditures for the years ended December 31, 2019 and 2018:

	2019	2018
Total assets at end of year	$ 24,303,671	$ 22,150,623
Less nonfinancial assets		
Prepaid expenses and deferred charges	(290,503)	(134,390)
Net property and equipment	(828,309)	(1,278,824)
Deposits	(13,842)	(160,630)
Total financial assets at end of year	23,171,017	20,576,779
Less amounts not available to meet general expenditures coming due within one year		
Other cash and receivables subject to donor-imposed restrictions	(101,867)	(443,923)
Restricted purpose net assets	(3,066,082)	(2,689,796)
Financial assets available to meet general expenditures coming due in the next year	$ 20,003,066	$ 17,443,058

NOTE 9. 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 $459,039 and $410,924 for the years ended December 31, 2019 and 2018, 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 2018 for consulting services provided to the Partnership.

NOTE 10. RETIREMENT PLAN

The Partnership provides retirement benefits through a 401(k) savings plan (the Plan) for all employees. Full-time employees are eligible to participate in the Plan on the first month after seven (7) months of service. 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 $262,917 and $263,475 to the Plan for the years ended December 31, 2019 and 2018, respectively.

NOTE 11. 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,	2020	$ 1,885,722
	2021	1,943,502
		$ 3,829,224

The total rental expense for the years ending December 31, 2019 and 2018 was $1,689,792 and $1,695484, respectively.

NOTE 12. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Partnership's revenue based on the timing of satisfaction of performance obligations for the years ended December 31, 2019 and 2018.

	2019	2018
Performances satisfied over time		
Sponsorship and grant revenue for performance obligations	$ 5,677,968	$ 6,623,772
Performance obligations satisfied at a point in time		
Fee for service	9,480,274	9,252,311
*Other	3,800,544	304,109
	$ 18,958,786	$ 16,180,192

* Due to the nature of these revenue streams, these items are excluded from required disaggregation under ASC Topic 606 (the Update).

NOTE 12. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Contract Balances

All of the Organization's contract assets are considered accounts receivable and are included within the accounts receivable balance in the statements of financial position. All of the Organization's contract liabilities are included with deferred revenues in the statements of financial position. Balances in these accounts as of the beginning and end of the years ended December 31, 2019 and 2018 are as follows.

	2019	2018	2017
Accounts receivable			
Sponsorship and grant	$ 1,564,347	$ 1,941,143	$ 456,599
Fee-for-service	2,770,042	1,916,031	2,177,971
	$ 4,334,389	$ 3,857,174	$ 2,634,570
Deferred revenue			
Sponsorship and grant	$ 835,168	$ 291,408	$ 380,827
Fee-for-service	3,454,376	3,281,117	3,827,514
	$ 4,289,544	$ 3,572,525	$ 4,208,341

NOTE 13. SUBSEQUENT EVENTS

Subsequent to year-end, U.S. and global business and financial markets have been severely impacted by the Coronavirus pandemic. The potential impacts on the Partnership's financial condition and activities cannot be determined at this time. All subsequent events have been evaluated through April 24, 2020, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.