# PARTNERSHIP FOR PUBLIC SERVICE, INC.

REQUIRED AUDIT COMMUNICATIONS TO
THOSE CHARGED WITH GOVERNANCE

YEAR ENDED DECEMBER 31, 2021

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

We have audited the financial statements of the Partnership for Public Service, Inc. for the year ended December 31, 2021, and have issued our report thereon dated May 7, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Partnership are described in Note 2 to the financial statements. No new accounting policies were adopted and no existing policies were changed during the year ended December 31, 2021. We noted no transactions entered into by the Partnership during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates used in the financial statements and determined that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. During our audit, we proposed material adjustments to correct beginning net assets, record additional depreciation expense and properly record investment activity. Management has reviewed, approved, and corrected all such adjustments.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement concerning a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 7, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Partnership's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We have assisted in the preparation of the annual financial statements, with all required footnote disclosures, in accordance with U.S. generally accepted accounting principles of accounting. Management has assigned a representative with suitable skills, knowledge, and experience to review, approve, and accept responsibility for the financial statements.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Partnership's auditors. However, these discussions occurred in the normal course of our professional relationship, and to our knowledge, our responses were not a condition to our retention.

## Intended Use of This Letter

This communication is intended solely for the information and use of the Board of Directors and management of the Partnership and is not intended to be, and should not be, used by anyone other than these specified parties.

Calibre CPA Group, PLLC

Bethesda, MD
May 7, 2022

# PARTNERSHIP FOR PUBLIC SERVICE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

# PARTNERSHIP FOR PUBLIC SERVICE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

CONTENTS

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# INDEPENDENT AUDITOR'S REPORT

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

## Opinion

We have audited the accompanying financial statements of the Partnership for Public Service, Inc. (the Partnership), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Partnership as of December 31, 2021 and 2020 and its revenue, expenses, and changes in net assets for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Calibre CPA Group, PLLC

Bethesda, MD
May 7, 2022

# PARTNERSHIP FOR PUBLIC SERVICE, INC.

## STATEMENTS OF FINANCIAL POSITION

## DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 7,300,613 | $ 9,454,299 |
| Restricted cash | 1,365,791 | 365,267 |
| Accounts receivable | 4,297,322 | 2,633,814 |
| Pledges receivable - current portion | 200,000 | 2,067,419 |
| Prepaid expenses | 296,030 | 284,350 |
| Total current assets | 13,459,756 | 14,805,149 |
| **Pledges receivable - non-current portion** | 350,000 | 100,000 |
| **Net property and equipment** | 65,334 | 403,911 |
| **Other assets** | | |
| Investments | 16,418,936 | 16,321,844 |
| Deposits | 214,273 | 13,842 |
| Total other assets | 16,633,209 | 16,335,686 |
| Total assets | $ 30,508,299 | $ 31,644,746 |
| **Liabilities and Net Assets** | | |
| **Current liabilities** | | |
| Accounts payable and accrued expenses | $ 449,474 | $ 501,735 |
| Deferred revenue | 4,478,912 | 4,616,816 |
| Deferred rent - current portion | - | 299,970 |
| Total current liabilities | 4,928,386 | 5,418,521 |
| **Deferred rent - noncurrent** | - | 148,379 |
| Total liabilities | 4,928,386 | 5,566,900 |
| **Net assets** | | |
| Net assets without donor restrictions | | |
| Board designated | 19,240,362 | 17,385,110 |
| Undesignated | 2,346,019 | 3,602,006 |
| Net assets with donor restrictions | 3,993,532 | 5,090,730 |
| Total net assets | 25,579,913 | 26,077,846 |
| Total liabilities and net assets | $ 30,508,299 | $ 31,644,746 |

See accompanying notes to financial statements.

## PARTNERSHIP FOR PUBLIC SERVICE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | 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 | $ 3,888,144 | $ 852,897 | $ 4,741,041 | $ 4,309,232 | $ 476,585 | $ 4,785,817 |
| In-kind contributions | 293,659 | - | 293,659 | 2,805,921 | - | 2,805,921 |
| Sponsorship revenue | 2,853,578 | - | 2,853,578 | 2,434,817 | - | 2,434,817 |
| Grant revenue | - | 2,476,137 | 2,476,137 | - | 7,322,183 | 7,322,183 |
| Fee for service revenue | 10,426,078 | - | 10,426,078 | 8,553,937 | - | 8,553,937 |
| Investment income | 1,855,252 | - | 1,855,252 | 2,152,359 | - | 2,152,359 |
| Other revenue | 182,688 | - | 182,688 | 72,418 | - | 72,418 |
| Paycheck Protection Program loan | - | - | - | 1,570,000 | - | 1,570,000 |
| Net assets released from restrictions | 4,426,232 | (4,426,232) | - | 5,774,120 | (5,774,120) | - |
| Total support and revenue | 23,925,631 | (1,097,198) | 22,828,433 | 27,672,804 | 2,024,648 | 29,697,452 |
| **Expenses** | | | | | | |
| Program services | | | | | | |
| Leadership - EIG | 2,657,975 | - | 2,657,975 | 3,296,530 | - | 3,296,530 |
| Leadership - Agency/FFS | 2,167,601 | - | 2,167,601 | 1,824,382 | - | 1,824,382 |
| Leadership - Open Enrollment | 1,855,934 | - | 1,855,934 | 1,632,759 | - | 1,632,759 |
| Government Effectiveness | 2,314,003 | - | 2,314,003 | 2,702,563 | - | 2,702,563 |
| Workforce and Engagement | 2,693,650 | - | 2,693,650 | 1,789,473 | - | 1,789,473 |
| Federal Executive Networks | 236,137 | - | 236,137 | 174,047 | - | 174,047 |
| Presidential Transition | 1,645,698 | - | 1,645,698 | 4,639,177 | - | 4,639,177 |
| Communications | 4,695,459 | - | 4,695,459 | 2,507,438 | - | 2,507,438 |
| Government Affairs | 2,010,463 | - | 2,010,463 | 1,103,993 | - | 1,103,993 |
| Research, Data and Performance Insights | 77,734 | - | 77,734 | - | - | - |
| Total program services | 20,354,654 | - | 20,354,654 | 19,670,362 | - | 19,670,362 |
| Supporting services | | | | | | |
| Operations | 1,664,227 | - | 1,664,227 | 1,606,003 | - | 1,606,003 |
| Development | 1,307,485 | - | 1,307,485 | 1,052,070 | - | 1,052,070 |
| Total supporting services | 2,971,712 | - | 2,971,712 | 2,658,073 | - | 2,658,073 |
| Total expenses | 23,326,366 | - | 23,326,366 | 22,328,435 | - | 22,328,435 |
| **Changes in net assets** | 599,265 | (1,097,198) | (497,933) | 5,344,369 | 2,024,648 | 7,369,017 |
| **Net assets** | | | | | | |
| Beginning of year | 20,987,116 | 5,090,730 | 26,077,846 | 15,642,747 | 3,066,082 | 18,708,829 |
| End of year | $ 21,586,381 | $ 3,993,532 | $ 25,579,913 | $ 20,987,116 | $ 5,090,730 | $ 26,077,846 |

# PARTNERSHIP FOR PUBLIC SERVICE, INC.

## STATEMENTS OF CASH FLOWS

## YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Change in net assets | $ (497,933) | $ 7,369,017 |
| Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities | | |
| Depreciation and amortization | 376,309 | 437,083 |
| Net appreciation in fair value of investments | (1,646,627) | (2,011,403) |
| Changes in operating asset and liabilities | | |
| Accounts receivable | (1,663,508) | 544,003 |
| Pledges receivable | 1,617,419 | (1,010,847) |
| Prepaid expenses | (11,680) | 6,153 |
| Deposits | (200,431) | - |
| Accounts payable and accrued expenses | (52,261) | 35,349 |
| Funds held for others | - | - |
| Deferred revenue | (137,904) | 327,272 |
| Deferred rent | (448,349) | (390,563) |
| Net cash provided by (used for) operating activities | (2,664,965) | 5,306,064 |
| **Cash flows from investing activities** | | |
| Purchase of investments | (1,606,102) | (128,845) |
| Proceeds from sales of investments | 3,155,637 | 55,000 |
| Purchases of property and equipment | (37,732) | (12,685) |
| Net cash provided by (used for) investing activities | 1,511,803 | (86,530) |
| **Net change in cash and cash equivalents** | (1,153,162) | 5,219,534 |
| **Cash and cash equivalents** | | |
| Beginning of year | 9,819,566 | 4,600,032 |
| End of year | $ 8,666,404 | $ 9,819,566 |

See accompanying notes to financial statements.

# PARTNERSHIP FOR PUBLIC SERVICE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

## YEAR ENDED DECEMBER 31, 2021

| | Program Services | | | | | | | | | | | | 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 | Research, Data and Performance Insights | Program Total | Operations | Development | Supporting Services Total | 2021 Total Expenses |
| Salaries | | | | | | | | | | | | | | | | |
| Fringe benefits and | | | | | | | | | | | | | | | | |
| payroll taxes | $ 1,879,710 | $ 3,278,211 | $ 113,060 | $ 1,114,923 | $ 979,569 | $ 735,411 | $ 349,419 | $ 1,206,771 | $ 1,103,244 | $ 497,213 | $ 59,075 | $ 11,316,606 | $ 2,509,525 | $ 920,535 | $ 3,430,060 | $ 14,746,666 |
| Professional services | 965,586 | 50 | - | 379,249 | 134,810 | 296,833 | 825,929 | 102,893 | 191,159 | 307,181 | 200 | 3,203,890 | 776,140 | 63,126 | 839,266 | 4,043,156 |
| Travel | 1,564 | 124 | - | 32 | 380 | 191 | - | 22 | 894 | - | - | 3,207 | 6,217 | 555 | 6,772 | 9,979 |
| Office supplies | 445 | - | - | - | 154 | 1,061 | 195 | - | - | - | - | 1,855 | 31,735 | 35 | 31,770 | 33,625 |
| Office equipment | | | | | | | | | | | | | | | | |
| Lease | - | - | - | - | - | - | - | - | - | - | - | - | 52,151 | - | 52,151 | 52,151 |
| Books and publications | 476 | 77 | - | - | 1,861 | - | 16,017 | - | 22 | - | - | 18,453 | 4,185 | - | 4,185 | 22,638 |
| Miscellaneous | 595 | - | - | - | - | - | 1,545 | - | - | - | - | 2,140 | 5,029 | 1,034 | 6,063 | 8,203 |
| Information Technology expense | 29,078 | 412 | - | 3,804 | 876 | - | - | 1,145 | 55 | - | - | 35,370 | 399,987 | - | 399,987 | 435,357 |
| Rent | - | - | - | - | - | - | - | - | - | - | - | - | 1,693,605 | - | 1,693,605 | 1,693,605 |
| Insurance | - | - | - | - | - | - | - | - | - | - | - | - | 44,710 | - | 44,710 | 44,710 |
| Telephone | 9,615 | - | - | - | - | - | - | - | - | - | - | 9,615 | 6,851 | - | 6,851 | 16,466 |
| Postage | 235 | - | - | 28 | - | - | 1,234 | - | - | - | - | 1,497 | 5,893 | 570 | 6,463 | 7,960 |
| Fees | 644 | 697 | 1,699 | - | 3,080 | 1,055 | 8,390 | 418 | 3,209 | 14,710 | - | 33,902 | 197,845 | 3,173 | 201,018 | 234,920 |
| Subscriptions | 42,412 | 859 | - | 2,390 | 159 | - | 120 | - | - | - | - | 45,940 | 119,663 | 1,896 | 121,559 | 167,499 |
| Assessments | - | 20 | - | - | 326 | 15,523 | 66,740 | - | - | 52,849 | - | 135,458 | - | - | - | 135,458 |
| Employee education | - | - | - | - | - | - | - | - | - | - | - | - | 50,753 | - | 50,753 | 50,753 |
| Advertising | 52,434 | - | - | 26,529 | 76 | - | - | - | - | 1,819 | - | 80,858 | 300 | - | 300 | 81,158 |
| Printing | 81,419 | 1 | - | - | 1,587 | 1,364 | 46,444 | - | 75 | 69 | - | 130,959 | 11,360 | - | 11,360 | 142,319 |
| Events | 512,403 | 3,283 | - | 4,752 | 143 | 1,115 | 210 | 4,062 | 7,674 | - | 104 | 533,746 | 43,648 | 5,038 | 48,686 | 582,432 |
| Equipment and furniture | 138 | - | - | - | - | - | - | - | - | - | - | 138 | 77,960 | - | 77,960 | 78,098 |
| Depreciation and amortization | - | - | - | - | - | - | - | - | - | - | - | - | 376,309 | - | 376,309 | 376,309 |
| Other expenses | 79 | 12,712 | - | - | - | 32 | 100 | - | 958 | 91 | - | 13,972 | 307,223 | - | 307,223 | 321,195 |
| In-kind expenses | - | - | - | - | - | - | - | - | - | - | - | - | 41,709 | - | 41,709 | 41,709 |
| Admin allocation | 1,118,626 | (3,296,446) | 121,378 | 478,756 | 1,190,982 | 1,115,016 | 1,341,632 | 330,387 | 1,386,360 | 982,002 | 18,355 | 4,787,048 | (5,098,571) | 311,523 | (4,787,048) | - |
| | $ 4,695,459 | $ - | $ 236,137 | $ 2,010,463 | $ 2,314,003 | $ 2,167,601 | $ 2,657,975 | $ 1,645,698 | $ 2,693,650 | $ 1,855,934 | $ 77,734 | $ 20,354,654 | $ 1,664,227 | $ 1,307,485 | $ 2,971,712 | $ 23,326,366 |

# PARTNERSHIP FOR PUBLIC SERVICE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

## YEAR ENDED DECEMBER 31, 2020

| | Program Services | | | | | | | | | | | 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 | 2020 Total Expenses |
| Salaries | | | | | | | | | | | | | | | |
| Fringe benefits and payroll taxes | $ 1,266,655 | $ 2,661,655 | $ 90,294 | $ 638,199 | $ 1,124,060 | $ 771,647 | $ 497,620 | $ 1,331,146 | $ 909,348 | $ 415,465 | $ 9,706,089 | $ 2,102,709 | $ 777,494 | $ 2,880,203 | $ 12,586,292 |
| Professional services | 231,907 | 1,025 | - | 216,000 | 307,222 | 184,534 | 1,055,988 | 2,739,475 | 40,077 | 337,633 | 5,113,861 | 288,474 | 25,000 | 313,474 | 5,427,335 |
| Travel | 2,985 | 240 | - | 882 | 15,893 | 3,246 | 10,915 | 5,498 | 1,065 | 2,830 | 43,554 | 1,562 | 4,630 | 6,192 | 49,746 |
| Office supplies | 97 | - | - | - | 515 | 16 | 495 | 69 | - | 247 | 1,439 | 45,658 | - | 45,658 | 47,097 |
| Office equipment Lease | - | - | - | - | - | - | - | - | - | - | - | 34,044 | - | 34,044 | 34,044 |
| Books and publications | 501 | - | - | - | 1,230 | 1,218 | 24,562 | 499 | 1,080 | 548 | 29,638 | 375 | 24 | 399 | 30,037 |
| Miscellaneous | 2,544 | 184 | - | - | - | - | - | 419 | - | - | 3,147 | 1,779 | - | 1,779 | 4,926 |
| Information Technology expense | 29,943 | 586 | - | 603 | 1,388 | - | - | 675 | - | - | 33,195 | 250,460 | 40 | 250,500 | 283,695 |
| Rent | - | - | 75 | - | - | - | - | - | - | - | 75 | 1,699,342 | - | 1,699,342 | 1,699,417 |
| Insurance | - | - | - | - | - | - | - | - | - | - | - | 47,764 | - | 47,764 | 47,764 |
| Telephone | 1,350 | 575 | - | 706 | 566 | 1,175 | 16,469 | 16 | 720 | 6,634 | 28,211 | 30,746 | - | 30,746 | 58,957 |
| Postage | 542 | 39 | - | - | 54 | 32 | 7,953 | - | - | - | 8,620 | 4,351 | 33 | 4,384 | 13,004 |
| Fees | 1,152 | 298 | 3,842 | - | 2,141 | 3,020 | 18,730 | 7,750 | 4,244 | 29,597 | 70,774 | 114,403 | 6,291 | 120,694 | 191,468 |
| Subscriptions | 12,449 | - | - | 169 | - | 594 | - | - | - | 127 | 13,339 | 76,805 | 1,699 | 78,504 | 91,843 |
| Assessments | 4,024 | 199 | - | - | - | 21,769 | 77,113 | - | 55 | 86,454 | 189,614 | - | - | - | 189,614 |
| Employee education | - | - | - | - | - | - | - | - | - | - | - | 38,701 | - | 38,701 | 38,701 |
| Advertising | 3,951 | - | - | - | 300 | 59 | 21,944 | 2,453 | 2,396 | 292 | 31,395 | 598 | - | 598 | 31,993 |
| Printing | 767 | 752 | 119 | 430 | 12,098 | 3,057 | 14,250 | 24,461 | 5,214 | 3,233 | 64,381 | 1,042 | 269 | 1,311 | 65,692 |
| Events | 369,463 | 2,257 | 475 | 2,264 | 6,620 | 1,376 | 49,305 | 59,448 | (3,303) | 4,491 | 492,396 | 29,980 | 3,360 | 33,340 | 525,736 |
| Equipment and furniture | - | - | - | - | - | - | - | 137 | 6,000 | - | 6,137 | 124,838 | - | 124,838 | 130,975 |
| Depreciation and amortization | - | - | - | - | - | - | - | - | - | - | - | 437,083 | - | 437,083 | 437,083 |
| Other expenses | 23,245 | - | - | - | - | 2,000 | 275 | - | 7,833 | 1,814 | 35,167 | 32,375 | - | 32,375 | 67,542 |
| In-kind expenses | - | - | - | - | - | - | - | - | - | - | - | 275,474 | - | 275,474 | 275,474 |
| Admin allocation | 555,863 | (2,667,810) | 79,242 | 244,740 | 1,230,476 | 830,639 | 1,500,911 | 467,131 | 814,744 | 743,394 | 3,799,330 | (4,032,560) | 233,230 | (3,799,330) | - |
| | $ 2,507,438 | $ - | $ 174,047 | $ 1,103,993 | $ 2,702,563 | $ 1,824,382 | $ 3,296,530 | $ 4,639,177 | $ 1,789,473 | $ 1,632,759 | $ 19,670,362 | $ 1,606,003 | $ 1,052,070 | $ 2,658,073 | $ 22,328,435 |

## NOTE 1. THE PARTNERSHIP

Partnership for Public Service, Inc. (the Partnership) was incorporated in 1999 as the Institute for the Reform of Government Service. 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, 2021 and 2020, there was 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.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

Sponsorship revenue is recognized when the sponsor is invoiced or based on the contract funding cycle.

Fee for service revenue large open enrollment programs ($4,500+ per participant) is recognized over the term of the program. Fee for service revenue for smaller open enrollment programs is recognized when payment is received.

*Contract Balances*

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities reported in the statements 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.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*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.

**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, 2021 and 2020, 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, 2021, the statute of limitations for tax years 2018 through 2020 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.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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, 2021, the Partnership had cash balances on deposit that exceeded the amounts insured by the FDIC by approximately $8,157,000. The Partnership has not experienced any losses in its cash balances.

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.

## NOTE 3. PLEDGES RECEIVABLE

As of December 31, 2021, pledges receivable are comprised of amounts due to the Partnership. The Partnership had pledges receivable in the amount of $550,000 and $2,167,419 as of December 31, 2021 and 2020, respectively. A discount for present value is considered immaterial and has been not provided. 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, 2021 and 2020 as follows:

| | 2021 | 2020 |
|---|---|---|
| Amounts due in: | | |
| One year | $ 200,000 | $ 2,067,419 |
| Two to 5 years | 350,000 | 100,000 |
| | $ 550,000 | $ 2,167,419 |

## NOTE 4. INVESTMENTS

Investments consist of the following at December 31, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| TIFF Multi-asset fund | $ 15,995,047 | $ 13,679,855 |
| TIFF Short-term fund | - | 2,328,630 |
| Mutual fund | 415,323 | 311,471 |
| Money Market fund | 8,566 | 1,888 |
| Total investments | $ 16,418,936 | $ 16,321,844 |

For the years ended December 31, 2021 and 2020, investment income, including interest income, consists of the following:

| | 2021 | 2020 |
|---|---|---|
| Dividends and interest | $ 208,625 | $ 140,956 |
| Net realized gain | 170,849 | 47,991 |
| Net unrealized gain | 1,475,778 | 1,963,412 |
| Total investment income | $ 1,855,252 | $ 2,152,359 |

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 full 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, 2021 and 2020:

*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.

The following table sets forth by level, within the fair value hierarchy, the Partnership's investments at fair value as of December 31, 2021:

| | Total Investment at 12/31/21 | Quoted Market Prices for Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Mutual fund | $ 415,323 | $ 415,323 | $ - | $ - |
| Money market fund | 8,566 | - | 8,566 | - |
| | 423,889 | $ 415,323 | $ 8,566 | $ - |
| Investment measured at net asset value* | 15,995,047 | | | |
| Total investments | $ 16,418,936 | | | |

*In accordance with ASC, 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 this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

## NOTE 4. INVESTMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Partnership's investments at fair value as of December 31, 2020:

| | Total Investment at 12/31/20 | Quoted Market Prices for Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Mutual fund | $ 311,471 | $ 311,471 | $ - | $ - |
| Money market fund | 1,888 | - | 1,888 | - |
| | 313,359 | $ 311,471 | $ 1,888 | $ - |
| Investment measured at net asset value* | 16,008,485 | | | |
| Total investments | $ 16,321,844 | | | |

*In accordance with ASC, 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 this table 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 tables summarize the Partnership's investments in certain funds that calculate NAV per share as fair value measurement as of December 31, 2021 and 2020 by investment category:

| | 2021 | | | |
|---|---|---|---|---|
| Description | Fair Value (in millions) | Unfunded Commitments (in millions) | Redemption Frequency | Redemption Notice Period |
| TIFF Short-term fund | $ - | $ - | quarterly, annually | 30-90 days |
| TIFF Multi-asset fund | 16.00 | - | quarterly, annually | 30-90 days |

| | 2020 | | | |
|---|---|---|---|---|
| Description | Fair Value (in millions) | Unfunded Commitments (in millions) | Redemption Frequency | Redemption Notice Period |
| TIFF Short-term fund | $ 2.33 | $ - | quarterly, annually | 30-90 days |
| TIFF Multi-asset fund | 13.68 | - | quarterly, annually | 30-90 days |

## NOTE 4. INVESTMENTS (CONTINUED)

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 2021 and 2020 are $423,889 and $313,359, respectively.

## NOTE 5. PROPERTY AND EQUIPMENT

The property and equipment held by the Partnership consist of the following components at December 31, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Furniture and equipment | $ 718,189 | $ 718,189 |
| Computer equipment | 772,039 | 772,039 |
| Leasehold improvements | 3,012,364 | 2,974,632 |
| Artwork | 10,000 | 10,000 |
| | 4,512,592 | 4,474,860 |
| Less: accumulated depreciation and amortization | (4,447,258) | (4,070,949) |
| Total property and equipment | $ 65,334 | $ 403,911 |

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 was $376,309 and $437,083, 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.

## NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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, 2021 and 2020, net assets with donor restrictions consist of the following:

| | 2021 | 2020 |
|---|---|---|
| General operating contribution | $ 995,648 | $ 1,602,648 |
| Center for Presidential Transition | 923,332 | 570,000 |
| Partnership West | - | 145,236 |
| Rosenthal Fellowship | 423,889 | 313,659 |
| Federal Data Strategy | - | 2,658 |
| Alliance for Congress | 970,222 | 970,222 |
| Federal Tech Planning Grant | - | 478,798 |
| Federal AI Leadership Program | - | 495,812 |
| Federal Hiring and Center for Presidential Transition | - | 138,508 |
| State Department Assessment | - | 294,142 |
| Federal Innovation - Communities and Systems | 15,474 | 79,047 |
| Federal Innovation Council | 264,967 | - |
| Legislative Initiatives & Events | 400,000 | - |
| Total | $ 3,993,532 | $ 5,090,730 |

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, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Time restrictions expired | $ 1,611,299 | $ 2,117,419 |
| Purpose restriction met | 2,814,933 | 3,656,701 |
| Total | $ 4,426,232 | $ 5,774,120 |

## NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors (the Board) approved the reallocation of operating funds to establish a reserve fund. 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, 2021 and 2020, the amount accumulated for the reserve fund was $21,586,381 and $20,987,116, 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.

## NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

***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

**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 Investment Committee 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.

## NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

Composition of and changes in board designated net assets without donor restrictions for the years ended December 31, 2021 and 2020 were as follows:

| | 2021 | 2020 |
|---|---|---|
| Net assets without donor restrictions | | |
| Board-designated, beginning of year | $ 17,385,110 | $ 15,246,393 |
| Dividends and interests | 208,625 | 127,314 |
| Net realized/unrealized gain/loss and return of capital | 1,646,627 | 2,011,403 |
| Board-designated, end of year | $ 19,240,362 | $ 17,385,110 |

## 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 2020 or 2021, but has money set aside in their TIFF investments for emergencies if necessary.

The following table represents the Partnership's financial assets available to meet cash needs for general expenditures for the years ended December 31, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Total assets at end of year | $ 30,508,299 | $ 31,644,746 |
| Less nonfinancial assets | | |
| Prepaid expenses and deferred charges | (296,030) | (284,350) |
| Net property and equipment | (65,334) | (403,911) |
| Deposits | (214,273) | (13,842) |
| Total financial assets at end of year | 29,932,662 | 30,942,643 |
| Less amounts not available to meet general expenditures coming due within one year | | |
| Other cash and receivables subject to donor-imposed restrictions | (1,365,791) | (365,267) |
| Net assets with donor restrictions | (3,993,532) | (5,090,730) |
| Board designated net assets | (19,240,362) | (17,385,110) |
| Financial assets available to meet general expenditures coming due in the next year | $ 5,332,977 | $ 8,101,536 |

## 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 $750,797 and $1,088,794 for the years ended December 31, 2021 and 2020, respectively, from these donors.

## 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 $363,586 and $286,289 to the Plan for the years ended December 31, 2021 and 2020, 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.

The total rental expense for the years ending December 31, 2021 and 2020 was $1,693,605 and $1,699,417, respectively.

During 2021, the Partnership entered into a twelve-year lease agreement, commencing January 1, 2022, with FSP Hamilton Square, LLC for a new office space at 600 14th Street NW, Washington, DC 20005. Monthly rent over the term of the lease averages $129,508 per month. As part of the lease agreement, the landlord provided the Partnership with an allowance for tenant improvements of $2,262,275. In addition, the landlord provided the Partnership a rent abatement for the first 24 months of the lease along with a partial rent abatement for months 25 through 30. The Partnership noted an initial security deposit of $196,432 for the space with lease commencement date of January 2022.

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

| | | |
|---|---|---|
| Year Ending December 31, | 2022 | $ 1,652,901 |
| | 2023 | 1,934,647 |
| | 2024 | 1,983,014 |
| | 2025 | 2,032,589 |
| | 2026 | 2,083,404 |
| | Thereafter | 11,224,831 |
| | | $ 20,911,386 |

## 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, 2021 and 2020.

| | 2021 | 2020 |
|---|---|---|
| Performances satisfied over time | | |
| Sponsorship and grant revenue for performance obligations | $ 5,329,715 | $ 9,757,000 |
| Performance obligations satisfied at a point in time | | |
| Fee for service | 10,426,078 | 8,553,937 |
| *Other | 7,072,640 | 11,386,515 |
| | $ 22,828,433 | $ 29,697,452 |

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

*Contract Balances*

All of the Partnership's contract assets are considered accounts receivable and are included within the accounts receivable balance in the statements of financial position. All of the Partnership's contract liabilities are included with deferred revenue in the statements of financial position. Balances in these accounts as of the beginning and end of the years ended December 31, 2021 and 2020 are as follows.

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Accounts receivable | | | |
| Sponsorship and grant | $ 2,154,065 | $ 1,245,320 | $ 1,564,347 |
| Fee-for-service | 695,512 | 1,189,497 | 2,770,042 |
| | $ 2,849,577 | $ 2,434,817 | $ 4,334,389 |
| Deferred revenue | | | |
| Sponsorship and grant | $ 2,097,075 | $ 1,303,956 | $ 835,168 |
| Fee-for-service | 2,381,837 | 3,312,860 | 3,454,376 |
| | $ 4,478,912 | $ 4,616,816 | $ 4,289,544 |

## NOTE 13. DONATED GOODS AND SERVICES

The Partnership received donations of professional services and programs for the years ended December 31, 2021 and 2020. Donated goods and services are recorded at their estimated fair value as of the date of the donation. These donated services amounted to $293,659 and $2,805,921 for the years ended December 31, 2021 and 2020, respectively.

| | 2021 | 2020 |
|---|---|---|
| Axios | $ 25,000 | $ - |
| Boston Consulting Group | - | 2,532,000 |
| Covington | - | 107,033 |
| Cravath, Swaine, and Moore | 41,823 | 45,880 |
| DLA Piper | 97,434 | 103,257 |
| IBM | 78,947 | - |
| Miller Friel | 39,780 | - |
| Stern Kessler | 10,675 | 17,751 |
| | $ 293,659 | $ 2,805,921 |

## NOTE 14. PAYCHECK PROTECTION PROGRAM LOAN

In December 2020, the Partnership received a loan in the amount of $1,580,336 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans and accrued interest are forgivable after a covered period (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, primarily payroll, benefits, rent and utilities. Any unforgiven portion of a PPP loan is payable over two to five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. Management of Partnership believes it has used the loan proceeds for purposes consistent with the PPP requirements and has applied for forgiveness within 10 months of the end of the covered period.

Partnership initially recorded a note payable and subsequently recognized income from debt forgiveness when the loan obligation was legally released. The amount of income from debt forgiveness recognized during the years ended December 31, 2021 and 2020 were $-0- and $1,570,000, respectively.

## NOTE 15. CYBER INCIDENT TRANSACTION

During the year ended December 31, 2021, the email of the Partnership's finance team was comprised by an "bad actor" not associated with the organization resulting in the release of a fraudulent payment of $251,950. Following investigations conducted by Partnership's IT staff and other external professionals, it was determined that the Partnership's established policies and procedures for releasing payments had not been followed. As a result, staff involved in executing the transaction were terminated and the Partnership took several additional steps, internally and with its bank, to further reduce the risk of a similar incident happening again. The Partnership is currently submitting a claim with its insurance carrier but the recovery of any proceeds in undeterminable.

## NOTE 16. SIGNIFICANT UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of the pandemic on the Partnership's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Partnership's donors, customers, sponsor(s), participants, employees, and vendors, all of which, at present, cannot be determined. Accordingly, the extent to which the pandemic may impact the Partnership's statements of financial position, statements of activities, statements of cash flows and statements of functional expenses is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

## NOTE 17. SUBSEQUENT EVENTS

All subsequent events have been evaluated through May 7, 2022, which is the date the financial statements were available to be issued. On June 30, 2021, the Partnership entered into a twelve-year lease agreement with FSP Hamilton Square, LLC for a new office space at 600 $14^{th}$ Street NW, Washington, DC 20005. Monthly rent over the term of the lease begins at $149,709 per month with a 2.5% rent increase after every twelve months. The Partnership noted an initial security deposit of $196,431 for the space with lease commencement date of January 2022. Beyond the items stated above, review and evaluation revealed no other material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.