

**COMBINED FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED MARCH 31, 2019  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2018**

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND**

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
National Partnership for Women & Families and National Partnership for  
Women & Families Action Fund  
Washington, D.C.

We have audited the accompanying combined financial statements of the National Partnership for Women & Families and National Partnership for Women & Families Action Fund (the National Partnership), which comprise the combined statement of financial position as of March 31, 2019, and the related combined statements of activities, change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

#### **Management's Responsibility for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the National Partnership as of March 31, 2019, and the combined change in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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### **Report on Summarized Comparative Information**

We have previously audited the National Partnership's 2018 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated September 24, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

*Gelman Rosenberg & Friedman*

December 5, 2019

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND**

**COMBINED STATEMENT OF FINANCIAL POSITION  
AS OF MARCH 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,852,880	\$ 2,393,701
Investments	18,495,331	18,723,238
Grants and pledges receivable, net of discount	2,915,807	2,452,825
Accounts receivable	84,079	127,423
Prepaid expenses	181,433	166,284
Fixed assets, net of accumulated depreciation and amortization of \$1,147,829 and \$1,150,317 for 2019 and 2018, respectively	137,373	171,945
Security deposit	<u>64,244</u>	<u>64,244</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 23,731,147</u></b>	<b><u>\$ 24,099,660</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued liabilities	\$ 206,906	\$ 227,764
Accrued salaries and related benefits	965,051	886,250
Deferred revenue	145,420	158,100
Deferred rent	200,421	265,410
Deposit	<u>-</u>	<u>5,400</u>
Total liabilities	<u>1,517,798</u>	<u>1,542,924</u>

**NET ASSETS**

Without donor restrictions:		
Operating	(5,287,853)	(3,832,792)
Accumulated unrealized gain on endowment	<u>9,145,965</u>	<u>8,188,178</u>
Total without donor restrictions	<u>3,858,112</u>	<u>4,355,386</u>
With donor restrictions:		
Purpose and time restricted	4,300,574	4,146,687
Investments in perpetuity	<u>14,054,663</u>	<u>14,054,663</u>
Total with donor restrictions	<u>18,355,237</u>	<u>18,201,350</u>
Total net assets	<u>22,213,349</u>	<u>22,556,736</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 23,731,147</u></b>	<b><u>\$ 24,099,660</u></b>

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND**

**COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Grants	\$ 443,231	\$ 3,944,226	\$ 4,387,457	\$ 3,129,549
Contributions	1,014,133	844,231	1,858,364	2,094,692
Program service revenue	269,295	-	269,295	448,274
Interest and investment income, net of fees	356,465	-	356,465	302,646
Special event, net of expenses of \$519,545 and \$359,763 for 2019 and 2018, respectively	616,083	-	616,083	401,313
Rental income	36,664	-	36,664	67,401
Honoraria	22,801	-	22,801	14,452
License fees	6,527	-	6,527	5,976
Other income	25,274	-	25,274	12,115
Net assets released from restrictions	<u>4,634,570</u>	<u>(4,634,570)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>7,425,043</u>	<u>153,887</u>	<u>7,578,930</u>	<u>6,476,418</u>
<b>EXPENSES</b>				
Program Services:				
Health Care Policy	3,809,954	-	3,809,954	3,658,640
Work and Family	2,433,633	-	2,433,633	2,310,643
Advocacy	190,965	-	190,965	108,437
Communications	677,642	-	677,642	805,892
Outreach, Member and Public Education	<u>140,940</u>	<u>-</u>	<u>140,940</u>	<u>137,339</u>
Total program services	<u>7,253,134</u>	<u>-</u>	<u>7,253,134</u>	<u>7,020,951</u>
Supporting Services:				
Resource Development	1,229,430	-	1,229,430	1,273,037
General and Administrative	<u>387,790</u>	<u>-</u>	<u>387,790</u>	<u>347,041</u>
Total supporting services	<u>1,617,220</u>	<u>-</u>	<u>1,617,220</u>	<u>1,620,078</u>
Total expenses	<u>8,870,354</u>	<u>-</u>	<u>8,870,354</u>	<u>8,641,029</u>
Change in net assets before other items	(1,445,311)	153,887	(1,291,424)	(2,164,611)
<b>OTHER ITEMS</b>				
Realized and unrealized gain on investments	957,787	-	957,787	1,407,043
Provision for uncollected pledges	<u>(9,750)</u>	<u>-</u>	<u>(9,750)</u>	<u>(3,155)</u>
<b>CHANGE IN NET ASSETS</b>	<b><u>\$ (497,274)</u></b>	<b><u>\$ 153,887</u></b>	<b><u>\$ (343,387)</u></b>	<b><u>\$ (760,723)</u></b>

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND**

**COMBINED STATEMENT OF CHANGE IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	2019						2018	
	Without Donor Restrictions			With Donor Restrictions			Total	Total
	Operating	Accumulated Unrealized Gain on Endowment	Total Without Donor Restrictions	Purpose and Time Restricted	Investments in Perpetuity	Total With Donor Restrictions		
Net assets at March 31, 2018	\$ (3,832,792)	\$ 8,188,178	\$ 4,355,386	\$ 4,146,687	\$ 14,054,663	\$ 18,201,350	\$ 22,556,736	\$ 23,317,459
Change in net assets	(1,455,061)	957,787	(497,274)	153,887	-	153,887	(343,387)	(760,723)
<b>NET ASSETS AT MARCH 31, 2019</b>	<b><u>\$ (5,287,853)</u></b>	<b><u>\$ 9,145,965</u></b>	<b><u>\$ 3,858,112</u></b>	<b><u>\$ 4,300,574</u></b>	<b><u>\$ 14,054,663</u></b>	<b><u>\$ 18,355,237</u></b>	<b><u>\$ 22,213,349</u></b>	<b><u>\$ 22,556,736</u></b>

See accompanying notes to combined financial statements.

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	<b>2019</b>			
	<b>Program Services</b>			
	<b>Health Care Policy</b>	<b>Work and Family</b>	<b>Advocacy</b>	<b>Communications</b>
Salaries and benefits	\$ 2,350,631	\$ 1,753,743	\$ 41,518	\$ 260,004
Duplicating	763	577	-	98
Office supplies	16,566	11,410	-	1,774
Occupancy	336,301	254,348	-	43,281
Telecommunication	11,956	10,655	-	3,860
Website and internet	25,949	42,287	-	67,841
Insurance	3,337	2,524	-	430
Subscriptions, ads and promotions	520,162	53,937	-	187,281
Fees, dues and contributions	32,582	31,657	-	17,413
Postage and courier	1,355	1,048	-	5,608
Meetings and events	8,721	11,067	97	584
Travel	33,236	25,434	1,433	1,749
Staff development	665	6,991	-	343
Equipment and rental maintenance	850	643	-	109
Legal	3,442	2,603	-	443
Accounting	-	-	-	-
Contract services	414,211	190,394	147,917	81,564
Mailings	-	-	-	-
Publications	17,819	10,561	-	650
Bank and credit card fees	8,974	6,787	-	1,723
Depreciation and amortization	22,434	16,967	-	2,887
Subtotal	3,809,954	2,433,633	190,965	677,642
Less: Special event expenses included with revenues in the statement of activities	-	-	-	-
<b>TOTAL EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES</b>	<b>\$ 3,809,954</b>	<b>\$ 2,433,633</b>	<b>\$ 190,965</b>	<b>\$ 677,642</b>



							2018
Supporting Services							
Outreach, Member and Public Education	Total Program Services	Resource Development	General and Administrative	Total Supporting Services	Total Expenses	Total Expenses	
\$ 859	\$ 4,406,755	\$ 893,093	\$ 174,683	\$ 1,067,776	\$ 5,474,531	\$ 5,518,059	
1	1,439	290	338	628	2,067	1,969	
894	30,644	4,691	5,063	9,754	40,398	35,723	
534	634,464	127,683	149,201	276,884	911,348	884,247	
689	27,160	1,880	1,150	3,030	30,190	29,795	
5	136,082	1,298	1,516	2,814	138,896	97,267	
5	6,296	1,267	1,481	2,748	9,044	9,419	
4	761,384	25,201	1,118	26,319	787,703	302,748	
2,252	83,904	30,476	6,070	36,546	120,450	65,253	
842	8,853	14,133	588	14,721	23,574	22,688	
8,837	29,306	522,043	1,816	523,859	553,165	409,761	
1,031	62,883	23,070	26	23,096	85,979	98,764	
40,214	48,213	231	62	293	48,506	1,747	
1	1,603	323	377	700	2,303	1,785	
5	6,493	1,307	1,527	2,834	9,327	2,319	
-	-	3,709	22,766	26,475	26,475	25,555	
56,985	891,071	69,043	6,074	75,117	966,188	1,308,735	
-	-	10,934	-	10,934	10,934	27,840	
27,732	56,762	6,379	-	6,379	63,141	61,059	
14	17,498	3,407	3,981	7,388	24,886	25,298	
36	42,324	8,517	9,953	18,470	60,794	70,761	
140,940	7,253,134	1,748,975	387,790	2,136,765	9,389,899	9,000,792	
-	-	(519,545)	-	(519,545)	(519,545)	(359,763)	
<b>\$ 140,940</b>	<b>\$ 7,253,134</b>	<b>\$ 1,229,430</b>	<b>\$ 387,790</b>	<b>\$ 1,617,220</b>	<b>\$ 8,870,354</b>	<b>\$ 8,641,029</b>	

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND**

**COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (343,387)	\$ (760,723)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	60,794	70,761
Change in discount on grants and pledges receivable	(6,731)	(15,413)
Realized and unrealized gain on investments	(957,787)	(1,407,043)
Provision for uncollected pledges	(9,750)	(3,155)
(Increase) decrease in:		
Grants and pledges receivable	(446,501)	375,325
Accounts receivable	43,344	37,748
Prepaid expenses	(15,149)	(10,047)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(20,858)	47,390
Accrued salaries and related benefits	78,801	30,324
Deferred revenue	(12,680)	88,650
Deferred rent	(64,989)	(64,990)
Security deposit	(5,400)	-
Net cash used by operating activities	<u>(1,700,293)</u>	<u>(1,611,173)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(26,222)	(3,380)
Net proceeds from sales of investments	<u>1,185,694</u>	<u>1,171,256</u>
Net cash provided by investing activities	<u>1,159,472</u>	<u>1,167,876</u>
Net decrease in cash and cash equivalents	(540,821)	(443,297)
Cash and cash equivalents at beginning of year	<u>2,393,701</u>	<u>2,836,998</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,852,880</u></b>	<b><u>\$ 2,393,701</u></b>

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

The National Partnership for Women & Families is a multi-funded nonprofit, nonpartisan organization that uses public education and advocacy to promote fairness in the workplace, access to quality health care, and policies that help women and men meet the dual demands of work and family.

The National Partnership for Women & Families established the National Partnership for Women & Families Action Fund, a social welfare corporation within the meaning of section 501(c)(4) of the Internal Revenue Code. The corporation was established on June 20, 2001 and is a separate entity with its own tax ID number and IRS filing obligations. The purpose of the corporation is to promote social welfare by promoting public policies that enhance the well-being of women and families.

Basis of presentation -

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended March 31, 2019 and applied retrospectively.

The accompanying combined financial statements represent the activity of the National Partnership for Women & Families and National Partnership for Women & Families Action Fund (collectively, the National Partnership) and have been combined because they are under common control. All intercompany transactions and balances have been eliminated.

The combined financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the National Partnership's combined financial statements for the year ended March 31, 2018, from which the summarized information was derived.

Cash and cash equivalents -

The National Partnership considers all cash and other highly liquid investments with initial maturities of six months or less to be cash equivalents, excluding money market funds in the amount of \$286,543.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the National Partnership maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest and dividends, realized and unrealized gains and losses are included in investment income net of investment expenses provided by external investment advisors in the accompanying Combined Statement of Activities.

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Receivables -

Receivables are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at their fair value and measured at the present value of their future cash flows.

The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants, pledges and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as support without restrictions only to the extent of actual expenses incurred or by the passage of time in accordance with donor-imposed restrictions. Contributions and grants for which donor-imposed restrictions have not been met as of the date of the combined financial statements are shown as net assets with donor restrictions.

Fixed assets -

Fixed assets in excess of \$1,500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses when incurred.

Income taxes -

The National Partnership for Women & Families is exempt from taxes on income other than unrelated business income, under provisions of the Internal Revenue Code Section 501(c)(3) and the applicable state regulations. The National Partnership for Women & Families is not a private foundation.

The National Partnership for Women & Families Action Fund is exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements.

Uncertain tax positions -

For the year ended March 31, 2019, the National Partnership has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

Deferred revenue -

Deferred revenue consists of annual event ticket and table sales. The National Partnership recognizes event revenue when the related event has occurred.

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Combined Statement of Activities as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Advertising -

The National Partnership expenses advertising costs as incurred. Advertising costs were \$730,864 and are included within Contract Services in the accompanying Combined Statement of Functional Expenses for the year ended March 31, 2019. Approximately \$500,000 of advertising costs went towards costs for a public education campaign as part of the Health program and \$34,000 in advertising costs went towards the public education campaign as part of the Workplace program.

Use of estimates -

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the National Partnership are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of time and effort.

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Reclassification -

Certain amounts in the prior year's combined financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of March 31, 2018 as unrestricted net assets in the amount of \$4,355,386 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets and permanently restricted net assets in the amount of \$4,146,687 and \$14,054,663, respectively, are now classified as "net assets with donor restrictions".

Investment risks and uncertainties -

The National Partnership invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined financial statements.

Fair value measurement -

The National Partnership adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The National Partnership accounts for its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncement (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. The National Partnership has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its combined financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606).

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
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**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

New accounting pronouncement (not yet adopted) (continued) -

The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The National Partnership has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Combined Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

The National Partnership plans to adopt the new ASUs at the respective required implementation dates.

**2. INVESTMENTS**

Investments are recorded at fair value and consisted of the following at March 31, 2019:

<b>Mutual Funds (Fixed Income, Money Market and Equity Funds)</b>	<b><u>\$ 18,495,331</u></b>
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The following is a summary of interest and investment income and the unrealized gain on investments for the year ended March 31, 2019:

Interest and dividend income	\$ 390,086
Interest from sweep and money market accounts	13,849
Less: management fees	<u>(47,470)</u>
<b>TOTAL INTEREST AND INVESTMENT INCOME, NET OF FEES</b>	<b><u>\$ 356,465</u></b>
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS, NET</b>	<b><u>\$ 957,787</u></b>

**3. GRANTS AND PLEDGES RECEIVABLE**

Grants and pledges due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 5%. All grants and pledges have been deemed fully collectible; therefore, an allowance for uncollectible pledges has not been established.

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**3. GRANTS AND PLEDGES RECEIVABLE (Continued)**

Grants and pledges are due as follows at March 31, 2019:

Less than one year	\$ 2,802,496
One to five years	<u>119,500</u>
Total grants and pledges receivable	2,921,996
Less: Allowance to discount present value	<u>(6,189)</u>
<b>GRANTS AND PLEDGES RECEIVABLE, NET</b>	<b><u>\$ 2,915,807</u></b>

**4. COMMITMENTS**

Operating lease -

The National Partnership leases office space under an operating lease, which will expire on April 30, 2022. The lease included four months of rent abatement in the amount of \$284,671, and a rent escalation clause for a fixed increase of two percent per annum. In addition, the National Partnership pays a proportionate share of operating expenses and real estate taxes.

On May 15, 2012, the lease was amended to expand the said office space. The National Partnership also received leasehold improvements as an incentive from the lessor, which were completed in fiscal year 2012.

Accounting principles generally accepted in the United States of America require that the total rent commitment be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Combined Statement of Financial Position.

The following is a summary of future minimum rental payments required under the lease agreement:

**Year Ending March 31,**

2020	\$ 918,157
2021	936,520
2022	955,250
2023	<u>80,525</u>
	<b><u>\$ 2,890,452</u></b>

The National Partnership incurred \$835,165 of rent expense during the year ended March 31, 2019 and is included in Occupancy expense within the accompanying Statement of Functional Expenses.



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**5. FIXED ASSETS**

Fixed assets consisted of the following at March 31, 2019:

	<b>Cost</b>	<b>Accumulated Depreciation and Amortization</b>	<b>Book Value</b>
Furniture and equipment	\$ 755,378	\$ 424,794	\$ 330,584
Leasehold improvements	529,824	723,035	(193,211)
<b>TOTAL FIXED ASSETS</b>	<b>\$ 1,285,202</b>	<b>\$ 1,147,829</b>	<b>\$ 137,373</b>

**6. DEFERRED COMPENSATION PLAN**

Deferred compensation plan assets consist solely of mutual funds and are recorded at their fair value (\$670,475 at March 31, 2019). All amounts deferred pursuant to the Plan remain the property of the employer and are subject to the claims of the employer's general creditors until distributed in accordance with the terms of the Plan.

Eligible employees are those belonging to a select group of management or highly-compensated employees and approved by the Board. Eligible employees shall be fully vested at all times in their account balances under this Plan and shall receive distributions upon termination of employment with the National Partnership.

The balance of the deferred compensation liability was \$670,475 as of March 31, 2019, and is included in accrued salaries and related benefits in the accompanying Combined Statement of Financial Position.

**7. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at March 31, 2019:

Program Restricted:	
Health Care Policy	\$ 985,911
Work and Family	2,228,954
Subject to Passage of Time:	
General Support	1,085,709
Total purpose and time restricted	4,300,574
Investments in perpetuity	14,054,663
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 18,355,237</b>

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**7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Program Restricted:	
Health Care Policy	\$ 1,871,614
Work and Family	1,994,227
Passage of Time:	
General Support	<u>768,729</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b>\$ <u>4,634,570</u></b>

**8. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY)**

Financial assets available for use within one year of the Combined Statement of Financial Position were comprised of the following at March 31, 2019:

Cash and cash equivalents	\$ 1,852,880
Investments	18,495,331
Grants receivable	2,915,807
Accounts receivable	<u>84,079</u>
Total financial assets	23,348,097
Less: Financial assets unavailable for expenditure within one year due to:	
Donor imposed restrictions	(4,300,574)
Investments in perpetuity	<u>(14,054,663)</u>
<b>FINANCIAL ASSETS AVAILABLE FOR EXPENDITURE WITHIN ONE YEAR</b>	<b>\$ <u>4,992,860</u></b>

The National Partnership has a policy to structure its financial assets to be available and liquid as its obligations become due. As of March 31, 2019, the National Partnership has financial assets available for expenditure to cover approximately six to seven months of average annual expenses.

The National Partnership has a significant donor restricted net asset balance to fund programmatic activities in future periods. Additionally, the endowment fund may be drawn upon pending board approval.

**9. PENSION PLAN**

Eligible employees of the National Partnership are covered by a Simplified Employee Pension Plan (SEP) established under IRS regulations. Contributions are made to individually established IRA accounts on behalf of each eligible employee over twenty-one years of age who have performed services for the National Partnership in at least one year of the immediately preceding five years.

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**9. PENSION PLAN (Continued)**

Contributions for the year were six percent of each eligible employee's total compensation. Pension expense was \$266,416 for the year ended March 31, 2019. In addition, eligible employees may defer a portion of their salaries into a defined contribution plan established under Section 403(b) of the Internal Revenue Code. Deferrals are subject to the maximum limits imposed by law.

**10. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, the National Partnership has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Combined Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the National Partnership has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at March 31, 2019.

*Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the National Partnership are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the National Partnership are deemed to be actively traded.

The table below summarizes, by level within the fair value hierarchy, the National Partnership's investments as of March 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Mutual funds (Fixed income, money market and equity funds)	\$ 17,824,856	\$ -	\$ -	\$ 17,824,856
<b>Deferred Compensation Investments:</b>				
Mutual funds (Fixed income, money market and equity funds)	<u>670,475</u>	<u>-</u>	<u>-</u>	<u>670,475</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 18,495,331</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 18,495,331</u></b>

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**10. FAIR VALUE MEASUREMENT (Continued)**

There were no transfers between levels in the fair value hierarchy during the years ended March 31, 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

**11. ENDOWMENT**

During the fiscal years ending March 31, 2005, March 31, 2007 and March 31, 2008, the National Partnership received three matching grants from the Ford Foundation totaling \$10,000,000 to be applied to an endowment fund "to be maintained on a permanent basis." The National Partnership was required to raise \$5,000,000 of matching funds for the endowment by September 2007 and accomplished this in accordance with the terms of the grants. As of March 31, 2015, the organization received commitments for the endowment from outside donors totaling \$4,961,078 all of which have been collected by March 31, 2015.

In accordance with the terms of the Ford Foundation grants, the National Partnership spent \$906,414 of the grant funds on the expenses of the ongoing endowment campaign during the fiscal years ending March 31, 2004 through March 31, 2007.

As stated in the Ford Foundation grant letters, the National Partnership's spending policy is to be designed to maintain the purchasing power of the endowment fund "over time." The National Partnership may expend any increase over the original value of the endowment grant in each year. Except as provided elsewhere in the grant conditions, the principal of the endowment fund may be expended in emergency circumstances with the prior approval of the National Partnership's Board of Directors.

**Interpretation of Relevant Law -**

In January, 2008, the District of Columbia enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA prescribed new guidelines for expenditure of a donor-restricted endowment fund in the absence of overriding, explicit donor stipulations.

The Board of Directors of the National Partnership regard the grant letters issued by the Ford Foundation in connection with its payments to the National Partnership's endowment, as providing such explicit donor stipulations. In accordance with the grant letters, the National Partnership classifies as investments in perpetuity (a) the original value of gifts to the endowment from the Ford Foundation, less the amount spent on the endowment campaign; and (b) the original value of the matching gifts to the endowment from other donors.

At March 31, 2019, the amount of endowment funds so classified totaled \$14,054,663. Also in accordance with the grant letters, earnings on the permanent endowment are classified as net assets without donor restrictions and permitted to be used for general operations of the National Partnership.

The National Partnership had the following endowment related activities for the year ended March 31, 2019:

**Endowment Balance at March 31, 2019**

**\$ 14,054,663**

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**11. ENDOWMENT (Continued)**

**Funds with Deficiencies -**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable law requires the National Partnership to retain as a fund of perpetual duration. No such deficiencies exist as of March 31, 2019.

**Return Objectives and Risk Parameters -**

The National Partnership has adopted an investment policy that attempts to maximize total return with an acceptable level of risk; preserve the real purchasing power of the endowment fund; and provide a stable source of perpetual financial support.

On an annualized net of fees basis, the total return of the portfolio will be expected to equal or exceed 5%, plus inflation (CPI) over a rolling three-year period. Additionally, returns should show favorable relative performance characteristics, exceeding the average return of appropriate capital market indices weighted by the asset allocation target percentages over a rolling three-year period.

**Strategies Employed for Achieving Objectives -**

To satisfy its long-term rate-of-return objectives, the National Partnership relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The National Partnership seeks a diversified asset allocation both by asset class and within asset classes. Allocation by classes places a greater emphasis on equity-based investments.

Within each asset class, investments will be diversified among economic sector, industry, quality, and size, in order to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the performance of the total fund.

**Spending Policy -**

The National Partnership has established a spending policy to distribute annually an amount not to exceed five percent (5%) of a three-year moving average of the market value of the endowment fund.

This policy is implemented in compliance with the terms of the Ford Foundation endowment grants, under which the National Partnership may expend any increase over the original value of the endowment grant in each year, and except as provided elsewhere in the grant conditions, the principal of the endowment fund may be expended in emergency circumstances and only with the prior approval of the National Partnership's Board of Directors.

Over the long-term, the National Partnership expects this spending policy to allow its endowment to grow annually and to comply with the terms of endowment grants, under which the National Partnership is to maintain the purchasing power of the endowment fund over time.

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**12. NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND**

The National Partnership for Women & Families Action Fund (the Action Fund) engages in legislative advocacy, voter education, grassroots organizing and other activities to promote fairness in the workplace, reproductive health and rights, access to quality, affordable health care and policies that help women and men meet the dual demands of work and family. During the year ended March 31, 2019, the Action Fund earned \$49,919 in revenue and incurred \$67,602 in expenses, resulting in a net loss of \$17,683.

**13. SUBSEQUENT EVENTS**

In preparing these combined financial statements, the National Partnership has evaluated events and transactions for potential recognition or disclosure through December 5, 2019, the date the financial statements were issued.