COMBINED FINANCIAL STATEMENTS

national partnership for women & families

FOR THE YEAR ENDED MARCH 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

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

CONTENTS

		PAGE NO.
INDEPENDENT AUDITOR'S REPORT		2 - 3
EXHIBIT A -	Combined Statement of Financial Position, as of March 31, 2018, with Summarized Financial Information for 2017	4
EXHIBIT B -	Combined Statement of Activities, for the Year Ended March 31, 2018, with Summarized Financial Information for 2017	5
EXHIBIT C -	Combined Statement of Change in Net Assets, for the Year Ended March 31, 2018, with Summarized Financial Information for 2017	6
EXHIBIT D -	Combined Statement of Cash Flows, for the Year Ended March 31, 2018, with Summarized Financial Information for 2017	7
NOTES TO COMBINED FINANCIAL STATEMENTS		8 - 17
SUPPLEMENTAL INFORMATION		
SCHEDULE 1 -	Combined Schedule of Functional Expenses, for the Year Ended March 31, 2018, with Summarized Financial Information for 2017	18 - 19

GELMAN, ROSENBERG
& FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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, 2018, and the related combined statements of activities, change in net assets 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, 2018, and the combined change in its net assets and its combined 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 2017 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated September 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Gelman Rosenberg & Freedman

September 24, 2018

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

COMBINED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

ASSETS

	2018	2017
Cash and cash equivalents	$ 2,393,701	$ 2,836,998
Investments	18,723,238	18,487,451
Grants and pledges receivable	2,452,825	2,809,582
Accounts receivable	127,423	165,171
Prepaid expenses	166,284	156,237
Fixed assets, net of accumulated depreciation and amortization of $1,150,317 and $1,079,556 for 2018 and 2017, respectively	171,945	239,326
Security deposit	64,244	64,244
TOTAL ASSETS	**$ 24,099,660**	**$ 24,759,009**

LIABILITIES AND NET ASSETS

	2018	2017
LIABILITIES		
Accounts payable and accrued liabilities	$ 227,764	$ 180,374
Accrued salaries and related benefits	886,250	855,926
Deferred revenue	158,100	69,450
Deferred rent	265,410	330,400
Deposit	5,400	5,400
Total liabilities	1,542,924	1,441,550
NET ASSETS		
Unrestricted:		
Operating	(3,832,792)	(2,473,930)
Accumulated unrealized gain on endowment	8,188,178	6,781,135
Total unrestricted	4,355,386	4,307,205
Temporarily restricted	4,146,687	4,955,591
Permanently restricted	14,054,663	14,054,663
Total net assets	22,556,736	23,317,459
TOTAL LIABILITIES AND NET ASSETS	**$ 24,099,660**	**$ 24,759,009**

See accompanying notes to combined financial statements.

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

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Grants	$ 25,704	$ 3,102,283	$ 3,127,987	$ 6,100,617
Contributions	1,161,478	933,214	2,094,692	1,284,185
Program service revenue	449,836	-	449,836	672,500
Interest and investment income	302,646	-	302,646	257,484
Special event, net of expenses of $359,763 and $405,727 for 2018 and 2017, respectively	401,313	-	401,313	629,603
Rental income	67,401	-	67,401	65,232
Honoraria	14,452	-	14,452	61,985
License fees	5,976	-	5,976	12,372
Other income	12,115	-	12,115	14,849
Net assets released from restrictions	4,844,401	(4,844,401)	-	-
Total revenue and support	7,285,322	(808,904)	6,476,418	9,098,827
EXPENSES				
Program Services:				
Health Care Policy	3,658,640	-	3,658,640	4,451,021
Work and Family	2,310,643	-	2,310,643	1,727,607
Advocacy	108,437	-	108,437	118,396
Communications	805,892	-	805,892	683,703
Outreach, Member and Public Education	137,339	-	137,339	47,483
Total program services	7,020,951	-	7,020,951	7,028,210
Supporting Services:				
Resource Development	1,273,037	-	1,273,037	1,300,837
General and Administrative	347,041	-	347,041	312,236
Total supporting services	1,620,078	-	1,620,078	1,613,073
Total expenses	8,641,029	-	8,641,029	8,641,283
Change in net assets before other items	(1,355,707)	(808,904)	(2,164,611)	457,544
OTHER ITEMS				
Realized and unrealized gain on investments	1,407,043	-	1,407,043	1,965,102
Provision for uncollected pledges	(3,155)	-	(3,155)	(14,000)
CHANGE IN NET ASSETS	**$ 48,181**	**$ (808,904)**	**$ (760,723)**	**$ 2,408,646**

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, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	2018						2017
	Unrestricted						
	Operating	Accumulated Unrealized Gain on Endowment	Total	Temporarily Restricted	Permanently Restricted	Total	Total
Net assets at March 31, 2017	$ (2,473,930)	$ 6,781,135	$ 4,307,205	$ 4,955,591	$ 14,054,663	$ 23,317,459	$ 20,908,813
Change in net assets	(1,358,862)	1,407,043	48,181	(808,904)	-	(760,723)	2,408,646
NET ASSETS AT MARCH 31, 2018	**$ (3,832,792)**	**$ 8,188,178**	**$ 4,355,386**	**$ 4,146,687**	**$ 14,054,663**	**$ 22,556,736**	**$ 23,317,459**

See accompanying notes to combined financial statements.

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

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (760,723)	$ 2,408,646
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	70,761	77,216
Change in discount on grants and pledges receivable	(15,413)	28,333
Realized and unrealized gain on investments	(1,407,043)	(1,965,102)
Donated securities	(624,229)	-
Provision for uncollected pledges	(3,155)	(14,000)
Decrease (increase) in:		
Grants and pledges receivable	375,325	(1,603,102)
Accounts receivable	37,748	(3,634)
Prepaid expenses	(10,047)	71,360
Increase (decrease) in:		
Accounts payable and accrued liabilities	47,390	36,297
Accrued salaries and related benefits	30,324	90,582
Deferred revenue	88,650	54,950
Deferred rent	(64,990)	(70,389)
Net cash used by operating activities	(2,235,402)	(888,843)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,380)	(62,060)
Net proceeds from sales (purchases) of investments	1,795,485	532,734
Net cash provided by investing activities	1,792,105	470,674
Net decrease in cash and cash equivalents	(443,297)	(418,169)
Cash and cash equivalents at beginning of year	2,836,998	3,255,167
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 2,393,701**	**$ 2,836,998**

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 FASB ASC 958, *Not-for-Profit Entities*.

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, 2017, 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.

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 and consist solely of mutual funds. Interest and dividends are included in interest and investment income in the accompanying Combined Statement of Activities. Unrealized and realized gains are presented as an other item in the accompanying Combined Statement of Activities.

Receivables -

Receivables are recorded at their net realizable value, which approximates fair value.

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

Receivables (continued) -

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 -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support 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 temporarily restricted net assets.

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. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. 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, 2018, 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.

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

Deferred revenue -

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

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the National Partnership and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the National Partnership and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Combined Statement of Activities as net assets released from restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by the National Partnership.

Advertising -

The National Partnership expenses advertising costs as incurred. Advertising costs were $244,908 for the year ended March 31, 2018. Approximately $65,500 of advertising costs went towards costs for a public education campaign as part of the health program and $3,000 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. Certain costs have been allocated among the programs and supporting services benefited. General and administrative costs have been allocated based on hours.

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.

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

Investment risks and uncertainties (continued) -

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 August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Combined Statement of Activities. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the National Partnership's combined financial statements, it is not expected to alter the National Partnership's reported financial position.

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 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.

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

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

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, 2018:

Mutual Funds (Fixed Income, Money Market and Equity Funds)	**$ 18,723,238**

The following is a summary of interest and investment income and the unrealized gain on investments for the year ended March 31, 2018:

Interest and dividend income	$ 297,308
Interest from sweep account	5,338
TOTAL INTEREST AND INVESTMENT INCOME	**$ 302,646**
REALIZED AND UNREALIZED GAIN ON INVESTMENTS, NET	**$ 1,407,043**

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.

Grants and pledges are due as follows at March 31, 2018:

Less than one year	$ 2,227,745
One to five years	238,000
Total grants and pledges receivable	2,465,745
Less: Allowance to discount present value	(12,920)
GRANTS AND PLEDGES RECEIVABLE, NET	**$ 2,452,825**

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.

4. COMMITMENTS (Continued)

Operating lease (continued) -

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,	
2019	$ 900,154
2020	918,157
2021	936,520
2022	955,250
2023	80,525
	$ 3,790,606

The National Partnership incurred $817,725 of rent expense during the year ended March 31, 2018.

On February 1, 2016, the National Partnership entered into a two-year sublease agreement, expiring February 28, 2018, which was then extended until August 31, 2018. Rental income of $67,401 for the year ended March 31, 2018, is included in the accompanying Combined Statement of Activities.

The following is a schedule of the future minimum rental income:

Year Ending March 31, 2019	**$ 29,203**

5. FIXED ASSETS

Furniture, equipment and leasehold improvements consisted of the following at March 31, 2018:

	Cost	Accumulated Depreciation and Amortization	Book Value
Furniture and equipment	$ 792,438	$ 759,586	$ 32,852
Leasehold improvements	529,824	390,731	139,093
	$1,322,262	**$ 1,150,317**	**$ 171,945**

6. DEFERRED COMPENSATION PLAN

Deferred compensation plan assets consist solely of mutual funds and are recorded at their fair value ($623,912 at March 31, 2018). 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 $623,912 as of March 31, 2018, and is included in accrued salaries and related benefits in the accompanying Combined Statement of Financial Position.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at March 31, 2018:

Program Restricted:	
Health Care Policy	$ 1,700,926
Work and Family	1,435,554
Passage of Time:	
General Support	1,010,207
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**$ 4,146,687**

The following temporarily restricted net assets 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	$ 2,395,541
Work and Family	1,946,440
Passage of Time:	
General Support	502,420
	$ 4,844,401

8. 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. Contributions for the year were six percent of each eligible employee's total compensation. Pension expense was $267,231 for the year ended March 31, 2018. 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.

9. 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, 2018.

- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by 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 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, 2018:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds (Fixed income, money market and equity funds)	$ 18,099,326	$ -	$ -	$ 18,099,326
Deferred Compensation Investments:				
Mutual Funds (Fixed Income, Money Market and Equity Funds)	623,912	-	-	623,912
TOTAL INVESTMENTS	**$ 18,723,238**	**$ -**	**$ -**	**$ 18,723,238**

There were no transfers between levels in the fair value hierarchy during the years ended March 31, 2018. Transfers between levels are recorded at the end of the reporting period, if applicable.

10. 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 permanently restricted net assets (a) the original value of gifts to the permanent endowment from the Ford Foundation, less the amount spent on the endowment campaign; and (b) the original value of the matching gifts to the permanent endowment from other donors.

At March 31, 2018, 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 unrestricted net assets 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, 2018:

Endowment Balance at March 31, 2018	**$ 14,054,663**

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, 2018.

10. ENDOWMENT (Continued)

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 the Ford Foundation endowment grants, under which the National Partnership is to maintain the purchasing power of the endowment fund over time.

11. SUBSEQUENT EVENTS

In preparing these combined financial statements, the National Partnership has evaluated events and transactions for potential recognition or disclosure through September 24, 2018, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

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

COMBINED SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	2018			
	Program Services			
	Health Care Policy	Work and Family	Advocacy	Communications
Salaries and benefits	$ 1,903,900	$ 1,260,883	$ 101,723	$ 418,412
Duplicating	-	-	-	-
Office supplies	5,179	2,737	-	439
Occupancy	-	-	-	-
Telecommunication	11,035	7,408	-	3,985
Website and internet	31,125	17,500	-	37,936
Insurance	-	-	-	-
Subscriptions, ads and promotions	83,638	20,807	-	108,143
Fees, dues and contributions	17,013	6,814	1,500	14,605
Postage and courier	343	363	-	75
Meetings and events	2,965	15,002	2,649	8
Travel	30,237	25,337	1,360	784
Staff development	185	-	-	1,240
Equipment and rental maintenance	-	-	-	-
Legal	-	-	-	-
Accounting	-	-	-	-
Contract services	731,368	375,470	-	45,042
Mailings	-	-	-	14,250
Publications	23,790	355	660	425
Miscellaneous	-	-	545	523
Depreciation and amortization	-	-	-	-
Subtotal	2,840,778	1,732,676	108,437	645,867
Allocation of general and administrative expenses	817,862	577,967	-	160,025
TOTAL	**$ 3,658,640**	**$ 2,310,643**	**$ 108,437**	**$ 805,892**

SCHEDULE 1

Outreach, Member and Public Education	Total Program Services	Resource Development	General and Administrative	Total Supporting Services	Total Expenses	2017 Total Expenses
		Supporting Services				
$ -	$ 3,684,918	$ 768,489	$ 1,064,652	$ 1,833,141	$ 5,518,059	$ 5,752,650
-	-	-	1,969	1,969	1,969	2,378
111	8,466	520	26,737	27,257	35,723	41,663
-	-	-	884,247	884,247	884,247	861,243
648	23,076	683	6,036	6,719	29,795	33,111
-	86,561	-	10,706	10,706	97,267	108,775
-	-	-	9,419	9,419	9,419	10,163
-	212,588	76,732	13,428	90,160	302,748	260,794
100	40,032	15,603	9,618	25,221	65,253	69,034
2,781	3,562	16,021	3,105	19,126	22,688	25,430
6,777	27,401	2,881	19,716	22,597	49,998	30,024
9,741	67,459	28,580	2,725	31,305	98,764	99,453
-	1,425	125	197	322	1,747	6,618
-	-	-	1,785	1,785	1,785	1,845
-	-	-	2,319	2,319	2,319	12,250
-	-	-	25,555	25,555	25,555	24,725
80,545	1,232,425	42,556	33,754	76,310	1,308,735	828,882
-	14,250	13,590	-	13,590	27,840	109,108
26,725	51,955	9,104	-	9,104	61,059	257,385
-	1,068	-	24,230	24,230	25,298	28,536
-	-	-	70,761	70,761	70,761	77,216
127,428	5,455,186	974,884	2,210,959	3,185,843	8,641,029	8,641,283
9,911	1,565,765	298,153	(1,863,918)	(1,565,765)	-	-
$ 137,339	**$ 7,020,951**	**$ 1,273,037**	**$ 347,041**	**$ 1,620,078**	**$ 8,641,029**	**$ 8,641,283**