

COMBINED FINANCIAL STATEMENTS



**FOR THE YEAR ENDED MARCH 31, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

**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, 2020, and the related combined statements of activities and 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.

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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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the National Partnership's 2019 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated December 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.



December 8, 2020

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

**COMBINED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,675,324	\$ 1,852,880
Investments	14,982,872	18,495,331
Grants and pledges receivable, net of discount	3,647,164	2,915,807
Accounts receivable	12,334	84,079
Prepaid expenses	172,910	181,433
Fixed assets, net of accumulated depreciation and amortization of \$1,203,757 and \$1,147,829 for 2020 and 2019, respectively	135,512	137,373
Security deposit	<u>64,244</u>	<u>64,244</u>
TOTAL ASSETS	<u>\$ 21,690,360</u>	<u>\$ 23,731,147</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 114,238	\$ 206,906
Accrued salaries and related benefits	967,926	965,051
Deferred revenue	30,100	145,420
Deferred rent	135,432	200,421
Deposit	<u>7,037</u>	<u>-</u>
Total liabilities	<u>1,254,733</u>	<u>1,517,798</u>

NET ASSETS

Without donor restrictions	2,071,557	3,858,112
With donor restrictions	<u>18,364,070</u>	<u>18,355,237</u>
Total net assets	<u>20,435,627</u>	<u>22,213,349</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,690,360</u>	<u>\$ 23,731,147</u>

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

**COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Grants	\$ 54,112	\$ 4,221,193	\$ 4,275,305	\$ 4,387,457
Contributions	1,499,385	509,112	2,008,497	1,858,364
Special event, net of expenses of \$441,806 and \$519,545 for 2020 and 2019, respectively	521,752	-	521,752	616,083
Interest and dividend income, net of fees	258,892	-	258,892	356,465
Program service revenue	124,992	-	124,992	269,295
Other income	6,034	-	6,034	25,274
Honoraria	24,650	-	24,650	22,801
Rental income	35,183	-	35,183	36,664
License fees	-	-	-	6,527
Net assets released from restrictions	<u>3,979,452</u>	<u>(3,979,452)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>6,504,452</u>	<u>750,853</u>	<u>7,255,305</u>	<u>7,578,930</u>
EXPENSES				
Program Services:				
Health Care Policy	2,834,787	-	2,834,787	3,809,954
Work and Family	2,205,265	-	2,205,265	2,433,633
Advocacy	240,776	-	240,776	190,965
Communications	759,910	-	759,910	677,642
Outreach, Member and Public Education	<u>111,763</u>	<u>-</u>	<u>111,763</u>	<u>140,940</u>
Total program services	<u>6,152,501</u>	<u>-</u>	<u>6,152,501</u>	<u>7,253,134</u>
Supporting Services:				
Resource Development	1,056,647	-	1,056,647	1,229,430
General and Administrative	<u>561,561</u>	<u>-</u>	<u>561,561</u>	<u>387,790</u>
Total supporting services	<u>1,618,208</u>	<u>-</u>	<u>1,618,208</u>	<u>1,617,220</u>
Total expenses	<u>7,770,709</u>	<u>-</u>	<u>7,770,709</u>	<u>8,870,354</u>
Change in net assets before other items	(1,266,257)	750,853	(515,404)	(1,291,424)
OTHER ITEMS				
Realized and unrealized (loss) gain on investments	(454,132)	(742,020)	(1,196,152)	957,787
Provision for uncollected pledges	<u>(66,166)</u>	<u>-</u>	<u>(66,166)</u>	<u>(9,750)</u>
Change in net assets	(1,786,555)	8,833	(1,777,722)	(343,387)
Net assets at beginning of year	<u>3,858,112</u>	<u>18,355,237</u>	<u>22,213,349</u>	<u>22,556,736</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,071,557</u>	<u>\$ 18,364,070</u>	<u>\$ 20,435,627</u>	<u>\$ 22,213,349</u>

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, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			
	Program Services			
	Health Care Policy	Work and Family	Advocacy	Communications
Salaries and benefits	\$ 2,201,759	\$ 1,680,298	\$ 50,817	\$ 318,095
Duplicating	806	572	-	99
Office supplies	12,461	8,109	-	1,387
Occupancy	347,767	246,768	-	42,860
Telecommunication	9,527	8,421	-	1,398
Website and internet	17,850	20,252	-	44,983
Insurance	3,311	2,350	-	408
Subscriptions, ads and promotions	17,545	17,037	20,762	283,498
Fees, dues and contributions	11,021	24,585	-	11,527
Postage and courier	2,001	1,357	-	261
Meetings and events	11,633	19,246	3,718	1,362
Travel	25,720	22,358	3,232	952
Staff development	2,129	687	-	1,835
Equipment and rental maintenance	2,865	2,033	-	353
Legal	4,423	3,138	-	545
Accounting	7,761	5,507	-	956
Contract services	120,645	113,917	161,942	45,287
Mailings	-	-	-	-
Publications	6,509	8,014	305	(50)
Bank and credit card fees	8,295	5,886	-	1,596
Provision for uncollectible pledges	-	-	-	-
Depreciation and amortization	20,759	14,730	-	2,558
Subtotal	2,834,787	2,205,265	240,776	759,910
Less: Provision for uncollectible pledges included in other items in the statement of activities	-	-	-	-
Less: Special event expenses included with revenues in the statement of activities	-	-	-	-
TOTAL EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES	\$ 2,834,787	\$ 2,205,265	\$ 240,776	\$ 759,910

							2019
Supporting Services							
Outreach, Member and Public Education	Total Program Services	Resource Development	General and Administrative	Total Supporting Services	Total Expenses	Total Expenses	
\$ 471	\$ 4,251,440	\$ 891,155	\$ 310,488	\$ 1,201,643	\$ 5,453,083	\$ 5,474,531	
1	1,478	223	470	693	2,171	2,067	
92	22,049	20,669	4,936	25,605	47,654	40,398	
307	637,702	96,401	202,832	299,233	936,935	911,348	
971	20,317	1,562	1,868	3,430	23,747	30,190	
3	83,088	1,075	2,262	3,337	86,425	138,896	
3	6,072	918	1,931	2,849	8,921	9,044	
1	338,843	2,649	825	3,474	342,317	787,703	
312	47,445	16,116	(3,466)	12,650	60,095	120,450	
908	4,527	12,277	1,090	13,367	17,894	23,574	
6,722	42,681	4,949	3,038	7,987	50,668	553,165	
3,401	55,663	23,133	81	23,214	78,877	85,979	
3,853	8,504	269	565	834	9,338	48,506	
3	5,254	794	1,671	2,465	7,719	2,303	
4	8,110	1,226	2,580	3,806	11,916	9,327	
7	14,231	2,151	4,527	6,678	20,909	26,475	
76,467	518,258	366,455	8,917	375,372	893,630	966,188	
-	-	22,454	-	22,454	22,454	10,934	
18,212	32,990	25,924	-	25,924	58,914	63,141	
7	15,784	2,299	4,837	7,136	22,920	24,886	
-	-	-	66,166	66,166	66,166	9,750	
18	38,065	5,754	12,109	17,863	55,928	60,794	
111,763	6,152,501	1,498,453	627,727	2,126,180	8,278,681	9,389,899	
-	-	-	(66,166)	(66,166)	(66,166)	(9,750)	
-	-	(441,806)	-	(441,806)	(441,806)	(519,545)	
\$ 111,763	\$ 6,152,501	\$ 1,056,647	\$ 561,561	\$ 1,618,208	\$ 7,770,709	\$ 8,870,354	

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

**COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,777,722)	\$ (343,387)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	55,928	60,794
Receipt of donated securities	(727,003)	(638,996)
Proceeds from the sales of donated securities	719,363	637,871
Change in discount on grants and pledges receivable	(5,189)	(6,731)
Realized and unrealized loss (gain) on investments	1,196,152	(957,787)
Provision for uncollected pledges	(66,166)	(9,750)
(Increase) decrease in:		
Grants and pledges receivable	(660,002)	(446,501)
Accounts receivable	71,745	43,344
Prepaid expenses	8,523	(15,149)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(92,668)	(20,859)
Accrued salaries and related benefits	2,875	78,801
Deferred revenue	(115,320)	(12,680)
Deferred rent	(64,989)	(64,989)
Deposit	<u>7,037</u>	<u>(5,400)</u>
Net cash used by operating activities	<u>(1,447,436)</u>	<u>(1,701,419)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(54,067)	(26,222)
Net proceeds from sales of investments	<u>2,323,947</u>	<u>1,186,820</u>
Net cash provided by investing activities	<u>2,269,880</u>	<u>1,160,598</u>
Net increase (decrease) in cash and cash equivalents	822,444	(540,821)
Cash and cash equivalents at beginning of year	<u>1,852,880</u>	<u>2,393,701</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,675,324</u>	<u>\$ 1,852,880</u>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

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 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 accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor 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** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the National Partnership mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

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.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 2020**

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

Basis of presentation (continued) -

Accordingly, such information should be read in conjunction with the National Partnership's combined financial statements for the year ended March 31, 2019, from which the summarized information was derived.

New accounting pronouncements adopted -

During 2020, the National Partnership early adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way the National Partnership recognized revenue; however, the presentation and disclosures of revenue have been enhanced. The National Partnership has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

During 2020, the National Partnership also adopted ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. The National Partnership adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

The National Partnership considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding money market funds in the amount of \$312,086.

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 and Change in Net Assets.

Receivables -

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

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 2020**

**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. All grants, pledges and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Grants and contributions -

The majority of the National Partnership's revenue is received through grants and contributions. Grants and contributions are recognized in the appropriate category of net assets in the period received. The National Partnership performs an analysis of the individual grant and contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

Revenue qualifying under the contribution rules is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. There were no conditional grants and contributions as of March 31, 2020.

Grants and contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying combined financial statements.

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.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 2020**

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

Uncertain tax positions -

For the year ended March 31, 2020, 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.

Advertising -

The National Partnership expenses advertising costs as incurred. Advertising costs were \$293,584 and are included within Contract Services in the accompanying Combined Statement of Functional Expenses for the year ended March 31, 2020.

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 and Change in Net Assets. 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.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the National Partnership's operations. The overall potential impact is unknown at this time.

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.

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND
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**NOTES TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 2020**

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

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) -

FASB issued ASU 2019-01, *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. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The National Partnership plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption methods and the impact of the new standard on its accompanying combined financial statements.

2. INVESTMENTS

Investments are recorded at fair value and consisted of the following at March 31, 2020:

Money market funds	\$ 312,086
Equities	10,272,159
Fixed income	<u>4,398,627</u>
TOTAL INVESTMENTS	<u>\$ 14,982,872</u>

Included in investments at March 31, 2020 are mutual funds held for the deferred compensation plan in the amount of \$678,085. The following is a summary of interest and investment income and the unrealized loss on investments for the year ended March 31, 2020:

Interest and dividend income	\$ 295,698
Interest from sweep and money market accounts	11,449
Less: Management fees	<u>(48,255)</u>
TOTAL INTEREST AND INVESTMENT INCOME, NET OF FEES	<u>\$ 258,892</u>
REALIZED AND UNREALIZED LOSS ON INVESTMENTS	<u>\$ (1,196,152)</u>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 2020**

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, 2020:

Less than one year	\$ 3,627,164
One to five years	<u>21,000</u>
Total grants and pledges receivable	3,648,164
Less: Allowance to discount present value	<u>(1,000)</u>
GRANTS AND PLEDGES RECEIVABLE, NET	<u>\$ 3,647,164</u>

4. FIXED ASSETS

Fixed assets consisted of the following at March 31, 2020:

	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Book Value</u>
Furniture and equipment	\$ 529,824	\$ 458,857	\$ 70,967
Leasehold improvements	<u>809,445</u>	<u>744,900</u>	<u>64,545</u>
TOTAL FIXED ASSETS	<u>\$ 1,339,269</u>	<u>\$ 1,203,757</u>	<u>\$ 135,512</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at March 31, 2020:

Program Restricted:	
Health Care Policy	\$ 3,104,381
Work and Family	1,263,703
Subject to Passage of Time:	
General Support	<u>683,343</u>
Total purpose and time restricted	5,051,427
Investments in perpetuity, net of accumulated investment loss in the amount of \$742,020	<u>13,312,643</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 18,364,070</u>

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5. 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	\$ 1,205,589
Work and Family	1,862,383
Passage of Time:	
General Support	<u>911,480</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 3,979,452</u>

6. 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, 2020:

Cash and cash equivalents	\$ 2,675,324
Investments	14,982,872
Grants and pledges receivable	3,627,164
Accounts receivable	<u>12,334</u>
Total financial assets	21,297,694
Less: Financial assets unavailable for expenditure within one year due to:	
Donor imposed restrictions	(4,368,084)
Investments in perpetuity	<u>(14,054,663)</u>
FINANCIAL ASSETS AVAILABLE FOR EXPENDITURE WITHIN ONE YEAR	<u>\$ 2,874,947</u>

The National Partnership has a policy to structure its financial assets to be available and liquid as its obligations become due. The National Partnership has a significant donor restricted net asset balance to fund programmatic activities in future periods. Additionally, the National Partnership's investments held in perpetuity may be drawn upon pending board approval.

7. 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.

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7. COMMITMENTS (Continued)

Operating lease (continued) -

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 in 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,

2021	\$ 936,520
2022	955,250
2023	<u>80,525</u>
	<u>\$ 1,972,295</u>

The National Partnership incurred \$853,168 of rent expense during the year ended March 31, 2020 and is included in Occupancy expense within the accompanying Combined Statement of Functional Expenses.

8. DEFERRED COMPENSATION PLAN

Deferred compensation plan assets consist solely of money market funds and equities and are recorded at their fair value (\$678,085 at March 31, 2020). 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 \$678,085 as of March 31, 2020, and is included in accrued salaries and related benefits in the accompanying Combined Statement of Financial Position.

9. PENSION PLAN

Eligible employees of the National Partnership are covered by a Simplified Employee Pension Plan (SEP) established under IRS regulations.

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9. PENSION PLAN (Continued)

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 \$163,834 for the year ended March 31, 2020. 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, 2020.

- *Money market funds* - The money market fund is an open-end fund that is registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Fixed income* - Valued at the daily closing price as reported by the fund. Fixed income funds held by the National Partnership are open-ended funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Fixed income funds held by the National Partnership are deemed to be actively traded.

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10. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, the National Partnership's investments as of March 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 312,086	\$ -	\$ -	\$ 312,086
Equities	10,272,159	-	-	10,272,159
Fixed income	<u>4,398,627</u>	<u>-</u>	<u>-</u>	<u>4,398,627</u>
	<u>14,982,872</u>	<u>-</u>	<u>-</u>	<u>14,982,872</u>
Deferred Compensation Investments:				
Money market funds	312,086	-	-	312,086
Equities	298,579	-	-	298,579
Fixed income	<u>67,420</u>	<u>-</u>	<u>-</u>	<u>67,420</u>
	<u>678,085</u>	<u>-</u>	<u>-</u>	<u>678,085</u>
TOTAL INVESTMENTS	<u>\$ 15,660,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,660,957</u>

There were no transfers between levels in the fair value hierarchy during the year ended March 31, 2020. 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 \$4,961,077 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.

The National Partnership's endowment consists of the above donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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11. ENDOWMENT (Continued)

The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the National Partnership considers a fund to be underwater if the fair value of the fund is less than the original value of initial and subsequent gift amounts donated to the fund. The National Partnership has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with UPMIFA, the National Partnership considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of March 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 14,054,663	\$ 14,054,663
Accumulated investment losses	-	(742,020)	(742,020)
TOTAL ENDOWMENT FUNDS	\$ -	\$ 13,312,643	\$ 13,312,643

Changes in endowment net assets for the year ended March 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 14,054,663	\$ 14,054,663
Realized and unrealized loss on investments	-	(742,020)	(742,020)
ENDOWMENT NET ASSETS, END OF YEAR	\$ -	\$ 13,312,643	\$ 13,312,643

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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 UPMIFA requires the organization to retain as a fund of perpetual duration. Deficiencies of this nature exist in donor-restricted endowment funds, which together have an original gift value of \$14,054,663, and a deficiency of \$742,020 as of March 31, 2020. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions for donor-restricted endowment funds and continued appropriations for certain programs that was deemed prudent by the Board of Directors.

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.

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.

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12. NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES ACTION FUND (Continued)

During the year ended March 31, 2020, the Action Fund earned \$2,000 in revenue and incurred \$246 in expenses, resulting in an increase of net assets of \$1,754.

13. SUBSEQUENT EVENTS

In preparing these combined financial statements, the National Partnership has evaluated events and transactions for potential recognition or disclosure through December 8, 2020, the date the financial statements were issued.

In April 2020, the National Partnership applied to the Paycheck Protection Program (PPP), established by the Coronavirus, Aid, Relief, and Economic Security Act (CARES Act), to receive funds to pay for up to 8 weeks of payroll costs (including benefits), rent costs and utilities. PPP loans may be forgiven by the Small Business Administration in whole or in part if funds are used for eligible expenses.

On April 16, 2020, the National Partnership then signed a two-year promissory note agreement in the amount of \$930,100 with a 1% fixed interest rate under the aforementioned Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven. The National Partnership intends to apply for full forgiveness before the end of calendar year 2020.