

## **COMBINED FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED MARCH 31, 2017  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2016**

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

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## **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, 2017, and the related combined statements of activities, change in net assets (deficit) 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, 2017, and the combined change in its net assets (deficit) 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

September 26, 2017

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

**COMBINED STATEMENT OF FINANCIAL POSITION  
AS OF MARCH 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 2,836,998	\$ 3,255,167
Investments	18,487,451	17,055,083
Grants and pledges receivable	2,809,582	1,220,813
Accounts receivable	165,171	161,537
Prepaid expenses	156,237	227,597
Fixed assets, net of accumulated depreciation and amortization of \$1,079,556 and \$1,002,340 for 2017 and 2016, respectively	239,326	254,482
Security deposit	<u>64,244</u>	<u>64,244</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 24,759,009</u></b>	<b><u>\$ 22,238,923</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued liabilities	\$ 180,374	\$ 144,077
Accrued salaries and related benefits	855,926	765,344
Deferred revenue	69,450	14,500
Deferred rent	330,400	400,789
Deposit	<u>5,400</u>	<u>5,400</u>
Total liabilities	<u>1,441,550</u>	<u>1,330,110</u>

**NET ASSETS**

Unrestricted:		
Operating	(2,473,930)	(1,596,477)
Accumulated unrealized gain on endowment	<u>6,781,135</u>	<u>4,816,033</u>
Total unrestricted	4,307,205	3,219,556
Temporarily restricted	4,955,591	3,634,594
Permanently restricted	<u>14,054,663</u>	<u>14,054,663</u>
Total net assets	<u>23,317,459</u>	<u>20,908,813</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 24,759,009</u></b>	<b><u>\$ 22,238,923</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, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	<u>2017</u>			<u>2016</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE</b>				
Grants	\$ 401,875	\$ 5,698,742	\$ 6,100,617	\$ 3,160,859
Contributions	484,932	799,253	1,284,185	1,198,661
Program service revenue	672,500	-	672,500	508,832
Interest and investment income	257,484	-	257,484	240,327
Special event, net of expenses of \$405,727 and \$238,103 for 2017 and 2016, respectively	629,603	-	629,603	356,849
Rental income	65,232	-	65,232	10,800
Honoraria	61,985	-	61,985	53,585
License fees	12,372	-	12,372	13,412
Other income	14,849	-	14,849	61,591
Net assets released from restrictions	<u>5,176,998</u>	<u>(5,176,998)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>7,777,830</u>	<u>1,320,997</u>	<u>9,098,827</u>	<u>5,604,916</u>
<b>EXPENSES</b>				
Program Services:				
Health Care Policy	4,451,021	-	4,451,021	4,848,107
Work and Family	1,727,607	-	1,727,607	1,804,860
Advocacy	118,396	-	118,396	346,004
Communications	683,703	-	683,703	506,410
Outreach, Member and Public Education	<u>47,483</u>	<u>-</u>	<u>47,483</u>	<u>48,569</u>
Total program services	<u>7,028,210</u>	<u>-</u>	<u>7,028,210</u>	<u>7,553,950</u>
Supporting Services:				
Resource Development	1,300,837	-	1,300,837	981,641
General and Administrative	<u>312,236</u>	<u>-</u>	<u>312,236</u>	<u>286,560</u>
Total supporting services	<u>1,613,073</u>	<u>-</u>	<u>1,613,073</u>	<u>1,268,201</u>
Total expenses	<u>8,641,283</u>	<u>-</u>	<u>8,641,283</u>	<u>8,822,151</u>
Change in net assets (deficit) before other items	(863,453)	1,320,997	457,544	(3,217,235)
<b>OTHER ITEMS</b>				
Unrealized gain (loss) on investments	1,965,102	-	1,965,102	(465,695)
Provision for uncollected pledges	<u>(14,000)</u>	<u>-</u>	<u>(14,000)</u>	<u>(19,750)</u>
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	<b><u>\$ 1,087,649</u></b>	<b><u>\$ 1,320,997</u></b>	<b><u>\$ 2,408,646</u></b>	<b><u>\$ (3,702,680)</u></b>

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

**COMBINED STATEMENT OF CHANGE IN NET ASSETS (DEFICIT)  
FOR THE YEAR ENDED MARCH 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	2017					2016	
	Unrestricted						
	Operating	Accumulated Unrealized Gain on Endowment	Total	Temporarily Restricted	Permanently Restricted	Total	Total
Net assets at March 31, 2016	\$ (1,596,477)	\$ 4,816,033	\$ 3,219,556	\$ 3,634,594	\$ 14,054,663	\$ 20,908,813	\$ 24,611,493
Change in net assets (deficit)	(877,453)	1,965,102	1,087,649	1,320,997	-	2,408,646	(3,702,680)
<b>NET ASSETS AT MARCH 31, 2017</b>	<b>\$ (2,473,930)</b>	<b>\$ 6,781,135</b>	<b>\$ 4,307,205</b>	<b>\$ 4,955,591</b>	<b>\$ 14,054,663</b>	<b>\$ 23,317,459</b>	<b>\$ 20,908,813</b>

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, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets (deficit)	\$ 2,408,646	\$ (3,702,680)
Adjustments to reconcile change in net assets (deficit) to net cash used by operating activities:		
Depreciation and amortization	77,216	89,453
Loss on disposal of furniture and equipment	-	479
Unrealized (gain) loss on investments	(1,965,102)	465,695
Provision for uncollected pledges	(14,000)	(19,750)
(Increase) decrease in:		
Grants and pledges receivable	(1,574,769)	2,947,546
Accounts receivable	(3,634)	(87,736)
Prepaid expenses	71,360	(7,681)
Increase (decrease) in:		
Accounts payable and accrued liabilities	36,297	(66,474)
Accrued salaries and related benefits	90,582	25,169
Deferred revenue	54,950	(70,500)
Deferred rent	(70,389)	(59,589)
Deposit	-	(1,538)
Net cash used by operating activities	<u>(888,843)</u>	<u>(487,606)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(62,060)	(15,603)
Net sale of investments	<u>532,734</u>	<u>1,253,216</u>
Net cash provided by investing activities	<u>470,674</u>	<u>1,237,613</u>
Net (decrease) increase in cash and cash equivalents	(418,169)	750,007
Cash and cash equivalents at beginning of year	<u>3,255,167</u>	<u>2,505,160</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 2,836,998</u></b>	<b><u>\$ 3,255,167</u></b>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**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 financial statements for the year ended March 31, 2016, 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 gain (loss) is 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.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**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 are stated at cost. Assets costing \$1,500 or more are capitalized and 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 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, 2017, 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, 2017**

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

**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 \$186,566 for the year ended March 31, 2017. Approximately \$100,000 of advertising costs went towards costs for a public education campaign as part of the health program and \$12,693 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.

**Reclassification -**

Certain amounts in the prior year's combined financial statements have been reclassified to conform to the current year's presentation.

**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.

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
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**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2017**

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

Investment risks and uncertainties (contained) -

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 -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. The National Partnership has elected to defer implementation until the applicable required date.

**2. INVESTMENTS**

Investments are recorded at fair value and consisted of the following at March 31, 2017:

<b>Mutual Funds (Fixed Income, Money Market and Equity Funds)</b>	<b><u>\$ 18,487,451</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, 2017:

Interest and dividend income	\$ 257,087
Interest from sweep account	<u>397</u>
<b>TOTAL INTEREST AND INVESTMENT INCOME</b>	<b><u>\$ 257,484</u></b>
<b>UNREALIZED GAIN ON INVESTMENTS, NET</b>	<b><u>\$ 1,965,102</u></b>

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
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**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**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, 2017:

Less than one year	\$ 2,242,915
One to five years	<u>595,000</u>
Total grants and pledges receivable	2,837,915
Less: Allowance to discount present value	<u>(28,333)</u>
<b>GRANTS AND PLEDGES RECEIVABLE, NET</b>	<b><u>\$ 2,809,582</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,**

2018	\$ 882,503
2019	900,154
2020	918,157
2021	936,520
2022	955,250
Thereafter	<u>80,525</u>
	<b><u>\$ 4,673,109</u></b>

The National Partnership incurred \$789,187 of rent expense, included in occupancy expense in the accompanying Combined Schedule of Functional Expenses, during the year ended March 31, 2017,

On February 1, 2016, the National Partnership entered into a two-year sublease agreement, expiring February 28, 2018. Sublease income of \$65,232 for the year ended March 31, 2017 is included in other income in the accompanying Combined Statement of Activities.

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
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**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**4. COMMITMENTS (Continued)**

Operating lease (continued) -

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

<b>Year Ending March 31, 2018</b>	<b>\$ <u>61,776</u></b>
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**5. FIXED ASSETS**

Furniture, equipment and leasehold improvements consisted of the following at March 31, 2017:

	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Book Value</u>
Furniture and equipment	\$ 789,058	\$ 722,887	\$ 66,171
Leasehold improvements	<u>529,824</u>	<u>356,669</u>	<u>173,155</u>
	<b><u>\$1,318,882</u></b>	<b><u>\$ 1,079,556</u></b>	<b><u>\$ 239,326</u></b>

**6. DEFERRED COMPENSATION PLAN**

Deferred compensation plan assets consist solely of mutual funds and are recorded at their fair value (\$551,129 at March 31, 2017). 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 \$551,129 as of March 31, 2017, 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, 2017:

Program Restricted:	
Health Care Policy	\$ 2,879,178
Work and Family	1,496,898
Passage of Time:	
Multi-year pledges	<u>579,515</u>
	<b><u>\$ 4,955,591</u></b>

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
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**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**7. TEMPORARILY RESTRICTED NET ASSETS (Continued)**

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	\$ 3,200,888
Work and Family	1,155,768
Passage of Time:	
Multi-year pledges	<u>820,342</u>
	<b><u>\$ 5,176,998</u></b>

**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 \$292,032 for the year ended March 31, 2017. 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, 2017.

*Mutual Funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
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**9. FAIR VALUE MEASUREMENT (Continued)**

The table below summarizes, by level within the fair value hierarchy, the National Partnership's investments as of March 31, 2017:

	<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)	\$ 17,936,322	\$ -	\$ -	\$ 17,936,322
<b>Deferred Compensation Investments:</b>				
Mutual Funds (Fixed Income, Money Market and Equity Funds)	<u>551,129</u>	<u>-</u>	<u>-</u>	<u>551,129</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 18,487,451</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 18,487,451</u></b>

**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.

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, 2017, 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.

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
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**NOTES TO COMBINED FINANCIAL STATEMENTS  
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**10. ENDOWMENT (Continued)**

**Interpretation of Relevant Law (continued) -**

The National Partnership had the following endowment related activities for the year ended March 31, 2017:

<b>Endowment Balance at March 31, 2017</b>	<b><u>\$ 14,054,663</u></b>
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**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, 2017.

**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.

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**NOTES TO COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**11. SUBSEQUENT EVENTS**

In preparing these financial statements, the National Partnership has evaluated events and transactions for potential recognition or disclosure through September 26, 2017, the date the financial statements were issued.

## **SUPPLEMENTAL INFORMATION**

**NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES AND  
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**COMBINED SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	<b>2017</b>			
	<b>Program Services</b>			
	<b>Health Care Policy</b>	<b>Work and Family</b>	<b>Advocacy</b>	<b>Communications</b>
Salaries and benefits	\$ 2,506,799	\$ 1,058,210	\$ 54,687	\$ 373,421
Duplicating	-	33	-	-
Office supplies	9,649	1,150	-	2,732
Occupancy	-	-	-	-
Telecommunication	14,294	7,525	-	2,906
Website and internet	62,065	9,041	-	33,417
Insurance	-	-	-	-
Subscriptions, ads and promotions	131,401	30,958	-	57,787
Fees, dues and contributions	10,970	7,376	-	15,912
Postage and courier	7,120	230	-	587
Meetings and events	11,059	5,170	-	295
Travel	35,653	16,312	3,693	658
Staff development	2,728	370	-	3,375
Equipment and rental maintenance	-	-	-	-
Legal	-	-	-	-
Accounting	-	-	-	-
Contract services	482,343	169,246	40,000	24,880
Mailings	92,000	-	-	8,998
Publications	211,383	3,770	-	1,961
Miscellaneous	-	-	-	475
Depreciation and amortization	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>3,577,464</b>	<b>1,309,391</b>	<b>98,380</b>	<b>527,404</b>
Allocation of general and administrative expenses	873,557	418,216	20,016	156,299
<b>TOTAL</b>	<b>\$ 4,451,021</b>	<b>\$ 1,727,607</b>	<b>\$ 118,396</b>	<b>\$ 683,703</b>

2016						
Supporting Services						
Outreach, Member and Public Education	Total Program Services	Resource Development	General and Administrative	Total Supporting Services	Total Expenses	Total Expenses
\$ 165	\$ 3,993,282	\$ 831,384	\$ 927,984	\$ 1,759,368	\$ 5,752,650	\$ 5,282,303
-	33	-	2,345	2,345	2,378	1,841
865	14,396	160	27,107	27,267	41,663	41,732
-	-	-	861,243	861,243	861,243	817,207
867	25,592	751	6,768	7,519	33,111	31,977
-	104,523	-	4,252	4,252	108,775	102,413
-	-	-	10,163	10,163	10,163	10,868
1,700	221,846	28,163	10,785	38,948	260,794	265,470
2,167	36,425	23,121	9,488	32,609	69,034	216,575
2,611	10,548	11,168	3,714	14,882	25,430	13,308
1,193	17,717	1,399	10,908	12,307	30,024	37,385
2,387	58,703	40,699	51	40,750	99,453	104,236
-	6,473	145	-	145	6,618	5,327
-	-	-	1,845	1,845	1,845	4,702
-	-	-	12,250	12,250	12,250	5,973
-	-	-	24,725	24,725	24,725	33,675
4,590	721,059	81,320	26,503	107,823	828,882	1,243,416
135	101,133	7,975	-	7,975	109,108	185,478
30,803	247,917	9,468	-	9,468	257,385	306,759
-	475	-	28,061	28,061	28,536	22,053
-	-	-	77,216	77,216	77,216	89,453
47,483	5,560,122	1,035,753	2,045,408	3,081,161	8,641,283	8,822,151
-	1,468,088	265,084	(1,733,172)	(1,468,088)	-	-
<b>\$ 47,483</b>	<b>\$ 7,028,210</b>	<b>\$ 1,300,837</b>	<b>\$ 312,236</b>	<b>\$ 1,613,073</b>	<b>\$ 8,641,283</b>	<b>\$ 8,822,151</b>