PARTNERSHIP FOR PUBLIC SERVICE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

PARTNERSHIP FOR PUBLIC SERVICE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Partnership for Public Service, Inc. (the Partnership), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Partnership as of December 31, 2022 and 2021 and its revenue, expenses, and changes in net assets for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership’s internal control. Accordingly, no such opinion is expressed.

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

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

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

Calibre CPA Group, PLLC

Bethesda, MD
April 11, 2023

PARTNERSHIP FOR PUBLIC SERVICE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	$ 6,740,463	$ 7,300,613
Restricted cash	-	1,365,791
Accounts receivable	5,325,876	4,297,322
Pledges receivable - current portion	1,556,961	200,000
Prepaid expenses	305,758	296,030
Total current assets	13,929,058	13,459,756
Pledges receivable - non-current portion	-	350,000
Net property and equipment	2,590,864	65,334
Right of use asset	12,617,705	-
Other assets		
Investments	15,705,303	16,418,936
Deposits	214,273	214,273
Total other assets	15,919,576	16,633,209
Total assets	$ 45,057,203	$ 30,508,299
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 757,344	$ 449,474
Deferred revenue	6,781,188	4,478,912
Total current liabilities	7,538,532	4,928,386
Operating lease liability	16,434,073	-
Total liabilities	23,972,605	4,928,386
Net assets		
Net assets without donor restrictions		
Board designated	16,511,964	19,240,362
Undesignated	1,178,575	2,346,019
Net assets with donor restrictions	3,394,059	3,993,532
Total net assets	21,084,598	25,579,913
Total liabilities and net assets	$ 45,057,203	$ 30,508,299

PARTNERSHIP FOR PUBLIC SERVICE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and revenue						
Contributions	$ 2,780,321	$ 100,000	$ 2,880,321	$ 3,888,144	$ 852,897	$ 4,741,041
Gifts-in-kind	52,632	-	52,632	293,659	-	293,659
Sponsorship revenue	2,628,485	-	2,628,485	2,853,578	-	2,853,578
Grant revenue	617,456	6,678,375	7,295,831	-	2,476,137	2,476,137
Fee for service revenue	10,326,695	-	10,326,695	10,426,078	-	10,426,078
Investment income	35,545	-	35,545	208,625	-	208,625
Other revenue	24,838	-	24,838	182,688	-	182,688
Net assets released from restrictions	7,377,848	(7,377,848)	-	4,426,232	(4,426,232)	-
Total support and revenue	23,843,820	(599,473)	23,244,347	22,279,004	(1,097,198)	21,181,806
Expenses						
Program services						
Public service leadership institute	7,915,177	-	7,915,177	6,681,510	-	6,681,510
Workforce and engagement	5,143,107	-	5,143,107	2,693,650	-	2,693,650
Federal executive networks	259,547	-	259,547	236,137	-	236,137
Presidential transition	836,615	-	836,615	1,645,698	-	1,645,698
Communications	4,181,772	-	4,181,772	4,695,459	-	4,695,459
Government affairs	1,002,575	-	1,002,575	2,010,463	-	2,010,463
Modern government	1,936,385	-	1,936,385	2,314,003	-	2,314,003
Research and evaluation	588,536	-	588,536	77,734	-	77,734
Total program services	21,863,714	-	21,863,714	20,354,654	-	20,354,654
Supporting services						
Operations	1,780,632	-	1,780,632	1,664,227	-	1,664,227
Development	1,395,264	-	1,395,264	1,307,485	-	1,307,485
Total supporting services	3,175,896	-	3,175,896	2,971,712	-	2,971,712
Total expenses	25,039,610	-	25,039,610	23,326,366	-	23,326,366
Changes in net assets	(1,195,790)	(599,473)	(1,795,263)	(1,047,362)	(1,097,198)	(2,144,560)
Net appreciation (depreciation) in fair value of investments	(2,700,052)	-	(2,700,052)	1,646,627	-	1,646,627
Net assets						
Beginning of year	21,586,381	3,993,532	25,579,913	20,987,116	5,090,730	26,077,846
End of year	$ 17,690,539	$ 3,394,059	$ 21,084,598	$ 21,586,381	$ 3,993,532	$ 25,579,913

See accompanying notes to financial statements.

PARTNERSHIP FOR PUBLIC SERVICE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (4,495,315)	$ (497,933)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	28,145	376,309
Net appreciation in fair value of investments	2,700,052	(1,646,627)
Changes in operating asset and liabilities		
Accounts receivable	(1,028,554)	(1,663,508)
Pledges receivable	(1,006,961)	1,617,419
Prepaid expenses	(9,728)	(11,680)
Deposits	-	(200,431)
Accounts payable and accrued expenses	307,870	(52,261)
Deferred revenue	2,302,276	(137,904)
Operating lease liability	16,434,073	-
Right of use asset	(12,617,705)	-
Deferred rent	-	(448,349)
Net cash used for operating activities	2,614,153	(2,664,965)
Cash flows from investing activities		
Purchase of investments	(2,063,943)	(1,606,102)
Proceeds from sales of investments	(582,568)	3,155,637
Purchases of property and equipment	(1,893,583)	(37,732)
Net cash provided by (used for) investing activities	(4,540,094)	1,511,803
Net change in cash and cash equivalents	(1,925,941)	(1,153,162)
Cash and cash equivalents		
Beginning of year	8,666,404	9,819,566
End of year	$ 6,740,463	$ 8,666,404

PARTNERSHIP FOR PUBLIC SERVICE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services										Supporting Services			
	Communications	Enabling Function	Federal Executive Networks	Government Affairs	Public Service Leadership Institute	Presidential Transition	Workforce and Engagement	Research and Evaluation	Modern Government	Program Total	Operations	Development	Supporting Services Total	2022 Total Expenses
Salaries Fringe benefits and payroll taxes	$ 2,056,547	$ 3,794,429	$ 129,388	$ 724,772	$ 1,926,731	$ 580,373	$ 2,343,981	$ 446,401	$ 667,891	$ 12,670,513	$ 3,572,897	$ 960,221	$ 4,533,118	$ 17,203,631
Professional services	439,963	-	-	37,500	1,647,708	39,917	177,579	250	77,500	2,420,417	368,975	93,102	462,077	2,882,494
Travel	7,741	3,590	30	1,101	63,755	1,626	38,959	647	104,085	221,534	46,701	8,118	54,819	276,353
Office supplies	9,302	58	108	-	13,678	-	5,995	-	3,632	32,773	113,564	-	113,564	146,337
Office equipment lease	-	-	-	-	20	-	-	-	-	20	85,143	-	85,143	85,163
Books and publications	344	-	-	-	28,109	5,046	24	330	-	33,853	251	-	251	34,104
Miscellaneous	741	-	-	-	71	-	2,650	-	-	3,462	606,107	69	606,176	609,638
Information technology expenses	54,633	-	-	210	-	75	2,621	-	552	58,091	376,679	-	376,679	434,770
Rent	-	-	-	-	-	-	-	-	-	-	1,338,225	-	1,338,225	1,338,225
Insurance	-	-	-	-	-	-	-	-	-	-	63,251	-	63,251	63,251
Telephone	1,140	-	-	-	-	-	-	-	-	1,140	6,721	-	6,721	7,861
Postage	441	36	71	-	2,321	576	235	-	173	3,853	4,279	304	4,583	8,436
Fees	-	3,884	-	-	-	-	1,824	-	-	5,708	250,726	141	250,867	256,575
Subscriptions	1,605	-	-	-	340	-	12,585	-	32	14,562	67,605	1,196	68,801	83,363
Assessments	-	-	-	-	178,584	-	1,325	-	481	180,390	-	150	150	180,540
Employee education	-	-	-	-	-	-	-	-	-	-	95,179	-	95,179	95,179
Advertising	31,440	-	2,045	862	66,635	-	4,589	-	-	105,571	8,299	-	8,299	113,870
Printing	6,537	1,529	-	195	3,991	155	139	260	86	12,892	10,229	-	10,229	23,121
Events	552,198	2,686	1,419	51	124,659	10,151	29,739	1,009	459,733	1,181,645	69,167	803	69,970	1,251,615
Equipment and furniture	-	-	-	-	-	-	-	-	-	-	66,134	-	66,134	66,134
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	28,145	-	28,145	28,145
Other expenses	26,763	-	-	-	1,360	-	8,128	-	5,255	41,506	69,614	-	69,614	111,120
In-kind expenses	-	-	-	-	-	-	-	-	-	-	52,632	-	52,632	52,632
Admin allocation	992,377	(3,806,212)	126,486	237,884	3,857,215	198,696	2,512,734	139,639	616,965	4,875,784	(5,519,891)	331,160	(5,188,731)	(312,947)
	$ 4,181,772	$ -	$ 259,547	$ 1,002,575	$ 7,915,177	$ 836,615	$ 5,143,107	$ 588,536	$ 1,936,385	$ 21,863,714	$ 1,780,632	$ 1,395,264	$ 3,175,896	$ 25,039,610

See accompanying notes to financial statements.

PARTNERSHIP FOR PUBLIC SERVICE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services										Supporting Services			
	Communications	Enabling Function	Federal Executive Networks	Government Affairs	Public Service Leadership Institute	Presidential Transition	Workforce and Engagement	Research and Evaluation	Modern Government	Program Total	Operations	Development	Supporting Services Total	2021 Total Expenses
Salaries														
Fringe benefits and payroll taxes	$ 1,879,710	$ 3,278,211	$ 113,060	$ 1,114,923	$ 1,582,043	$ 1,206,771	$ 1,103,244	$ 59,075	$ 979,569	$ 11,316,606	$ 2,509,525	$ 920,535	$ 3,430,060	$ 14,746,666
Professional services	965,586	50	-	379,249	1,429,943	102,893	191,159	200	134,810	3,203,890	776,140	63,126	839,266	4,043,156
Travel	1,564	124	-	32	191	22	894	-	380	3,207	6,217	555	6,772	9,979
Office supplies	445	-	-	-	1,256	-	-	-	154	1,855	31,735	35	31,770	33,625
Office equipment lease	-	-	-	-	-	-	-	-	-	-	52,151	-	52,151	52,151
Books and publications	476	77	-	-	16,017	-	22	-	1,861	18,453	4,185	-	4,185	22,638
Miscellaneous	595	-	-	-	1,545	-	-	-	-	2,140	5,029	1,034	6,063	8,203
Information technology expenses	29,078	412	-	3,804	-	1,145	55	-	876	35,370	399,987	-	399,987	435,357
Rent	-	-	-	-	-	-	-	-	-	-	1,693,605	-	1,693,605	1,693,605
Insurance	-	-	-	-	-	-	-	-	-	-	44,710	-	44,710	44,710
Telephone	9,615	-	-	-	-	-	-	-	-	9,615	6,851	-	6,851	16,466
Postage	235	-	-	28	1,234	-	-	-	-	1,497	5,893	570	6,463	7,960
Fees	644	697	1,699	-	24,155	418	3,209	-	3,080	33,902	197,845	3,173	201,018	234,920
Subscriptions	42,412	859	-	2,390	120	-	-	-	159	45,940	119,663	1,896	121,559	167,499
Assessments	-	20	-	-	135,112	-	-	-	326	135,458	-	-	-	135,458
Employee education	-	-	-	-	-	-	-	-	-	-	50,753	-	50,753	50,753
Advertising	52,434	-	-	26,529	1,819	-	-	-	76	80,858	300	-	300	81,158
Printing	81,419	1	-	-	47,877	-	75	-	1,587	130,959	11,360	-	11,360	142,319
Events	512,403	3,283	-	4,752	1,325	4,062	7,674	104	143	533,746	43,648	5,038	48,686	582,432
Equipment and furniture	138	-	-	-	-	-	-	-	-	138	77,960	-	77,960	78,098
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	376,309	-	376,309	376,309
Other expenses	79	12,712	-	-	223	-	958	-	-	13,972	307,223	-	307,223	321,195
In-kind expenses	-	-	-	-	-	-	-	-	-	-	41,709	-	41,709	41,709
Admin allocation	1,118,626	(3,296,446)	121,378	478,756	3,438,650	330,387	1,386,360	18,355	1,190,982	4,787,048	(5,098,571)	311,523	(4,787,048)	-
	$ 4,695,459	$ -	$ 236,137	$ 2,010,463	$ 6,681,510	$ 1,645,698	$ 2,693,650	$ 77,734	$ 2,314,003	$ 20,354,654	$ 1,664,227	$ 1,307,485	$ 2,971,712	$ 23,326,366

PARTNERSHIP FOR PUBLIC SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1. THE PARTNERSHIP

Partnership for Public Service, Inc. (the Partnership) was incorporated in 1999 as the Institute for the Reform of Government Service. The Partnership's mission is working to revitalize the Federal government by inspiring a new generation to serve and by transforming the way government works. The Partnership envisions a dynamic and innovative Federal government that effectively serves the American people.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements are presented in accordance with the accrual method of accounting. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Partnership is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

Net Assets - Net assets are reported in two distinct classes as follows:

Net assets without donor restrictions - These net assets are available to finance the general operations of the Partnership. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Partnership, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Partnership is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and a disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents - The Partnership considers amounts available for immediate withdrawal from bank accounts and all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. The Partnership holds restricted cash separately from the unrestricted cash balance for two grants requiring the Partnership to deposit their funds in individual accounts.

Pledges Receivable - Contributions are recognized when the donor makes a promise to give to the Partnership that is, in substance, unconditional. Contributions restricted by donors are initially recorded as increases in net assets with donor restrictions and reclassified to net assets without donor restrictions when the time restrictions expire, or purpose restrictions are met.

Investments - Investments are reported at fair value. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Investments consist of amounts held in short-term cash reserves, money market, The Investment Fund of Foundation (TIFF) Investment Program and the Rosenthal Fellowship Program and are carried at fair value, as determined by published market prices. In addition, the Partnership reports certain investments using the net asset value (NAV) per share method under the so-called "practical expedient." The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Income earned on these investments is derived from interest, dividends, and changes in fair value. Unrealized gains (losses) resulting from increases (decreases) in fair value of shares held as well as the net realized gains (losses) arising from sales of shares are included in the statements of activities as an increase or decrease in net assets without donor restrictions from investment income.

Accounts Receivable - Accounts receivable are carried at original invoice amounts less an estimate for doubtful receivables based on an annual review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as revenue when received. At December 31, 2022 and 2021, there was no allowance for doubtful accounts based on management's evaluation of the collectability of receivables.

Property and Equipment - Property and equipment purchased or donated with a value in excess of the Partnership's capitalization threshold are capitalized when acquired, recorded at cost (or fair market value in the case of donated property) and depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvement costs are capitalized and amortized using the straight-line method over the term of the lease or useful life, whichever is shorter. The Partnership capitalizes all property and equipment purchases of at least $1,000. Costs of repairing and maintaining equipment and amounts below the capitalization threshold of $1,000 are not capitalized and are included in expenses.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease Accounting - The Partnership makes a determination of whether leases meet the definition of operating or financing. All leases greater than twelve months are accounted for as a Right of use asset and lease liability on the statements of financial position. A right of use asset represents the Partnership's right to use the underlying asset (office space) for the lease term. The lease liability represents the Partnership's obligation to make lease payments arising from a lease measured on a discounted basis. The discount rate utilized for each lease is the risk-free discount rate at the lease inception which corresponds to the lease term.

Revenue Recognition - Revenue from contracts with customers consists primarily of sponsorship revenue, fee-for-service revenue, and grant revenue. Revenue is recognized when control of the promised goods or services is transferred to the Partnership's members and customers, in an amount that reflects the consideration the Partnership expects to be entitled to in exchange for those goods or services. The revenue is recognized net of discounts, waivers, and refunds. Revenue is recognized using the five-step approach required by ASC Topic 606, as follows:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, performance obligations are satisfied.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service and recognized as revenue when, or as, the performance obligation is satisfied. If a distinct good or service does not have an observable standalone selling price, then the primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

Grants are recognized over the term of the grant. Transaction prices are based on gross prices, net of discounts.

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Balances

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities reported in the statements of financial position. Contract assets consist entirely of accounts receivable, which are recognized only to the extent that it is probable that the Partnership will collect substantially all of the considerations to which it is entitled in exchange for the goods or services that will be or have been transferred. Contract liabilities consist entirely of deferred revenue that results when the Partnership receives advance payments from the customers before revenue is recognized.

Costs to Obtain a Contract

The Partnership has elected the practical expedient available in ASC Subtopic 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

Practical Expedients and Optional Exemptions

The Partnership has made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities which are both imposed and concurrent with the specific revenue-producing transactions and collected by the Partnership from their customers, e.g., sales and use taxes.

Donated Services – Donated services are recognized as contributions in accordance with authoritative guidance, if the services (a) create or enhance non-financial assets or (b) require specialized skills are performed by individuals with those skills, and would otherwise be purchased by the Partnership.

Income Taxes - The Partnership is generally exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Partnership qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Business income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes.

The Partnership accounts for income taxes in accordance with the ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Partnership performed an evaluation of uncertain tax positions for the years ended December 31, 2022 and 2021, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of December 31, 2022, the statute of limitations for tax years 2019 through 2021 remains open with the U.S. Federal jurisdiction and the various states and local jurisdictions in which the Partnership files returns. It is the Partnership's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in unrelated business income tax expense.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses - The costs of providing the various programs and supporting activities of the Partnership have been summarized on a functional basis in the statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort studies. Information technology costs are allocated based on the relative benefit of related activity use. Other common costs such as occupancy, depreciation and related infrastructure costs are allocated based on employee time and effort studies.

Concentration of Credit Risk - Financial instruments that potentially subject the Partnership to significant concentrations of credit risk consist primarily of cash and cash equivalents, investments, accounts receivable, and pledges receivable. Management believes the risk of loss associated with cash and cash equivalents is low because cash and cash equivalents are maintained in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. However, at various times throughout the year, including year-end, the Partnership had cash and cash equivalents on deposit in one financial institution in amounts that exceed the federally insured amount. At December 31, 2022, the Partnership had cash balances on deposit that exceeded the amounts insured by the FDIC by approximately $6,490,000. The Partnership has not experienced any losses in its cash balances.

Accounts receivable are primarily from contracts with various federal agencies and pledges receivable are from pledges from individual donors. Accounts receivable are generally due within 30 days and no collateral is required.

The Partnership invests in a professionally managed portfolio that contains marketable equity and bond mutual funds. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the values of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

New Accounting Pronouncement Adopted - During the year ended December 31, 2022, the Partnership adopted the provisions of Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This guidance is intended to increase transparency and comparability among lessees by recognizing lease assets and lease liabilities on the statement of financial position/net assets available for benefits and disclosing key information about leasing arrangements. ASU 2016-02 requires lessees to report a right-of-use asset along with a lease liability. Additionally, in July 2018, the FASB issued ASU 2018-11, *Leases* (Topic 842) - *Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of net assets/net assets available for benefits in the period of adoption. The Partnership adopted ASU 2016-02 and its related amendments as of January 1, 2022, which resulted in the recognition of operating assets totaling $12,617,705, as well as lease liabilities totaling $16,434,073.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Partnership elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of January 1, 2022, without restating any prior-year amounts or disclosures. There was no cumulative effect adjustment to the opening balance of net assets/net assets available for benefits required.

The Partnership elected to apply all practical expedients available under the ASU, allowing it to 1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; 2) not reassess the lease classification for any expired or existing leases; 3) not reassess initial direct costs for any existing leases; and 4) risk-free interest rate. The Partnership also elected to apply the practical expedient to use hindsight in determining the lease term which in the year of implementation the Partnership has determined to be the remaining lease term.

During the year ended December 31, 2022, the Organization adopted the provisions of Accounting Standards Update 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (*Topic 958). The Update requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The Update also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this Update did not have a significant impact on the financial statements, except for increased disclosure.

NOTE 3. PLEDGES RECEIVABLE

As of December 31, 2022, pledges receivable are comprised of amounts due to the Partnership. The Partnership had pledges receivable in the amount of $1,556,961 and $550,000 as of December 31, 2022 and 2021, respectively. A discount for present value is considered immaterial and has been not provided. No allowance for uncollectible accounts has been recorded since management expects these to be collected in the short-term.

Pledges receivable were due as of December 31, 2022 and 2021 as follows:

	2022	2021
Amounts due in		
One year	$ 1,556,961	$ 200,000
Two to 5 years	-	350,000
	$ 1,556,961	$ 550,000

NOTE 4. INVESTMENTS

Investments consist of the following at December 31, 2022 and 2021:

	2022	2021
TIFF Multi-asset fund	$ 15,356,285	$ 15,995,047
Mutual fund	348,784	415,323
Money Market fund	234	8,566
Total investments	$ 15,705,303	$ 16,418,936

For the years ended December 31, 2022 and 2021, investment income, including interest income, consists of the following:

	2022	2021
Dividends and interest	$ 35,545	$ 208,625
Net realized gain	-	170,849
Net unrealized gain (loss)	(2,700,052)	1,475,778
Total investment income	$ (2,664,507)	$ 1,855,252

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Partnership has the ability to access.

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 4. INVESTMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021:

TIFF: The Investment Fund of Foundation (TIFF) investment program consists of one mutual fund at present named the TIFF Multi-Asset Fund (MAF). MAF employs a fair value model to adjust prices to reflect events affecting the values of certain portfolio securities that occur between the close of trading on the principal market for such securities (foreign exchange and over the counter markets) and the time at which the net asset value of the fund is determined.

Mutual funds: Valued based on the closing price as of the last day of this fiscal year as quoted on open markets.

Money market funds: Short term (generally less than three months), highly liquid investments that are convertible to known amounts of cash.

The following table sets forth by level, within the fair value hierarchy, the Partnership's investments at fair value as of December 31, 2022:

	Total Investment at 12/31/22	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual fund	$ 348,784	$ 348,784	$ -	$ -
Money market fund	234	-	234	-
	349,018	$ 348,784	$ 234	$ -
Investment measured at net asset value*	15,356,285			
Total investments	$ 15,705,303			

*In accordance with ASC, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

NOTE 4. INVESTMENTS (CONTINUED)

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

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

*In accordance with ASC, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Changes in Fair Value Levels - The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following tables summarize the Partnership's investments in certain funds that calculate NAV per share as fair value measurement as of December 31, 2022 and 2021 by investment category:

	2022			
Description	Fair Value (in millions)	Unfunded Commitments (in millions)	Redemption Frequency	Redemption Notice Period
TIFF Multi-asset fund	$ 15.36	$ -	quarterly, annually	30-90 days

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

NOTE 4. INVESTMENTS (CONTINUED)

Beginning June 2, 2017, the Partnership became the fiscal agent for the Rosenthal Fellowship Program (the Program). A second amendment was incorporated into the agreement allowing the Partnership to continue as the fiscal agent for the Program through August 31, 2019 or a later date agreed upon between the two parties. Effective October 18, 2019, the Partnership was granted sole control over all funds held or raised by the Program including the rights and duty to invest such funds. The Partnership had investments for the Rosenthal Fellowship for 2022 and 2021 at $349,018 and $423,889, respectively.

NOTE 5. PROPERTY AND EQUIPMENT

The property and equipment held by the Partnership consist of the following components at December 31, 2022 and 2021:

	2022	2021
Furniture and equipment	$ -	$ 718,189
Computer equipment	-	772,039
Leasehold improvements	2,609,009	3,012,364
Artwork	10,000	10,000
	2,619,009	4,512,592
Less: accumulated depreciation and amortization	(28,145)	(4,447,258)
Total property and equipment	$ 2,590,864	$ 65,334

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was $28,145 and $376,309, respectively.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions result from gifts of cash or other assets with donor imposed restrictions that require that such resources be used in a later period or after a specified date or that the resources be used for a specified purpose. Net assets with donor restrictions are "released from restrictions" when the specified date passes, or amounts are expended for the purpose specified. Unconditional promises to give a contribution in a future year are not available to be spent until the actual contribution is received, and accordingly, are included in net assets with donor restrictions until the contribution is received. Net assets with donor restrictions are considered unconditional promises to give if the related restrictions are met within the same accounting period. Unconditional promises to give are reported as net assets without donor restrictions when the donor's intention is to support current-period activities.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Uncollected pledges are considered time restricted and are classified as net assets with donor restrictions. The uncollected pledges for the general operating contribution and the Developing Strong Leaders extend to future periods, and are considered time restricted and, as such, are classified as net assets with donor restrictions. At December 31, 2022 and 2021, net assets with donor restrictions consist of the following:

	2022	2021
General operating contribution	$ 1,060,000	$ 995,648
Center for Presidential Transition	1,740,041	923,332
Rosenthal Fellowship	349,018	423,889
Alliance for Congress	-	970,222
Call to Serve	100,000	-
Federal Innovation - Communities and Systems	-	15,474
Federal Innovation Council	-	264,967
Legislative Initiatives & Events	145,000	400,000
Total	$ 3,394,059	$ 3,993,532

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors for the years ended December 31, 2022 and 2021:

	2022	2021
Time restrictions expired	$ 1,686,666	$ 1,611,299
Purpose restriction met	5,691,182	2,814,933
Total	$ 7,377,848	$ 4,426,232

NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors (the Board) approved the reallocation of operating funds to establish a reserve fund. The Partnership will be able to use the interest income from this reserve fund for partial funding of the Partnership's programs. At December 31, 2022 and 2021, the amount accumulated for the reserve fund was $15,873,053 and $21,586,381, respectively. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as net assets without donor restrictions.

NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

Endowment Composition

Interpretation of Relevant Law - The Uniform Prudent Management of Institutional Fund Act (UPMIFA) was adopted by The District of Columbia in 2008. The Partnership interprets UPMIFA as requiring the preservation of the fair value of the original amount as of the date of the board designated reserve funds absent explicit stipulations to the contrary. As a result of this interpretation, the Partnership classifies as board designated net assets without donor restrictions the original value of the reserve funds and accumulations to the reserve funds made in accordance with the direction of the applicable designation at the time the accumulation is added to the funds.

In accordance with UPMIFA, the Partnership considers the following factors in making a determination to appropriate or accumulate board designated reserve funds:

- The durations and preservation of the fund;
- The purposes of the board designated reserve fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Partnership; and
- The investment policies of the Partnership.

Investment Policies - The Board of the Partnership is charged with the responsibility of managing the assets of the Partnership. The overall goal in managing these funds is to generate a long-term total rate of return that provides sustainable distributions to support the mission within reasonable levels of risk.

The Board believes its role is one of setting and reviewing policy and retaining, monitoring, and evaluating advisers and investment managers. It is the Board's desire to find ways to invest these funds in accordance with the principles of the Partnership. The Investment Committee will review the investment policy statement at least annually.

The primary financial objectives of the investment funds (Funds) are to provide a stream of relatively stable and constant earnings in support of annually budgetary needs and preserve and enhance the real (inflation-adjusted) purchasing power of the Funds.

The reserve fund is held in investments in TIFF funds and is included in investments in the accompanying statements of financial position. It is the intention of the Board that the funds allocated to the reserve fund remain there indefinitely. However, at this time, the funds may, upon approval by the Board, be withdrawn to sustain the Partnership's operations.

The objective of this reserve fund is to provide for long-term financial stability of the Partnership's core mission. To achieve that objective, the Partnership invests in a well-diversified asset mix, which includes equities, debt securities, and cash equivalents which

NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

is intended to result in a consistent inflation-protected rate of return while growing the fund if possible. Investment risk is measured in terms of the total reserve fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in board-designated net assets without donor restrictions for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Net assets without donor restrictions		
Board-designated, beginning of year	$ 19,240,362	$ 17,385,110
Dividends and interests	35,545	208,625
Net realized/unrealized gain/loss and return of capital	(2,763,943)	1,646,627
Board-designated, end of year	$ 16,511,964	$ 19,240,362

NOTE 8. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Partnership's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Partnership invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal. The Partnership has no line of credit in 2021 or 2022, but has money set aside in their TIFF investments for emergencies if necessary.

The following table represents the Partnership's financial assets available to meet cash needs for general expenditures for the years ended December 31, 2022 and 2021:

	2022	2021
Total assets at end of year	$ 45,057,203	$ 30,508,299
Less: nonfinancial assets		
Prepaid expenses and deferred charges	(305,758)	(296,030)
Net property and equipment	(2,590,864)	(65,334)
Right of use assets	(12,617,705)	-
Deposits	(214,273)	(214,273)
Total financial assets at end of year	29,328,603	29,932,662
Less: amounts not available to meet general expenditures coming due within one year		
Other cash and receivables subject to donor-imposed restrictions	-	(1,365,791)
Net assets with donor restrictions	(3,394,059)	(3,993,532)
Board-designated net assets	(16,511,964)	(19,240,362)
Financial assets available to meet general expenditures coming due in the next year	$ 9,422,580	$ 5,332,977

NOTE 9. RELATED PARTY TRANSACTIONS

The Partnership receives a portion of its support from contributions made by members of the Board of Directors. The Partnership received contributions of $687,188 and $750,797 for the years ended December 31, 2022 and 2021, respectively, from these donors.

NOTE 10. RETIREMENT PLAN

The Partnership provides retirement benefits through a 401(k) savings plan (the Plan) for all employees. Full-time employees are eligible to participate in the Plan on the first month after seven (7) months of service. Employees may contribute from 1% to 15% of their eligible earnings. Under the Plan, the Partnership contributes 100% of the first 4% of each employee's contributions. The Partnership recorded contributions of $423,449 and $363,586 to the Plan for the years ended December 31, 2022 and 2021, respectively.

NOTE 11. LEASE COMMITMENTS

In May 2015, the Partnership entered into a 6-year non-cancelable operating lease agreement for additional office space through December 31, 2021. As part of the lease agreement, the landlord provided the Partnership with an allowance for tenant improvements of $437,200. The improvements for the leased space have been recorded as an asset and deferred rent liability. The new lease has stated escalations in rent and the effect of this has also been reported as deferred rent liability.

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

Operating lease expense totaled $1,338,225 and $1,693,605 for the years ended December 31, 2022 and 2021, respectively. The Partnership had no variable or short-term lease expenses in 2022 or 2021 and does not have any finance leases.

Supplemental qualitative information related to operating leases is as follows:

	Year ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities - operating cash flows	$ 2,262,275
Right-of-use assets obtained in exchange for lease obligations	12,617,705
Weighted-average remaining lease term (in years)	11.00
Weighted-average discount rate	3.93%

NOTE 11. LEASE COMMITMENTS (CONTINUED)

The maturity of the lease liability under the Organization's operating lease as of December 31, 2022 is as follows:

Year ended December 31,	
2023	$ -
2024	1,652,901
2025	1,934,647
2026	1,983,014
2027	2,032,589
Thereafter	13,308,234
Undiscounted future cash flows	20,911,385
Less: discount to present value (with a rate of 3.93%)	(4,477,312)
Total lease liability	$ 16,434,073

NOTE 12. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Partnership's revenue based on the timing of satisfaction of performance obligations for the years ended December 31, 2022 and 2021.

	2022	2021
Performances satisfied over time		
Sponsorship and grant revenue for performance obligations	$ 9,924,316	$ 5,329,715
Performance obligations satisfied at a point in time		
Fee for service	10,326,695	10,426,078
*Other	2,993,336	5,426,013
	$ 23,244,347	$ 21,181,806

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

NOTE 12. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Contract Balances

All of the Partnership's contract assets are considered accounts receivable and are included within the accounts receivable balance in the statements of financial position. All of the Partnership's contract liabilities are included with deferred revenue in the statements of financial position. Balances in these accounts as of the beginning and end of the years ended December 31, 2022 and 2021 are as follows.

	2022	2021	2020
Accounts receivable			
Sponsorships and grants	$ 1,637,177	$ 2,154,065	$ 1,245,320
Fee-for-service	991,308	695,512	1,189,497
	$ 2,628,485	$ 2,849,577	$ 2,434,817
Deferred revenue			
Sponsorships and grants	$ 3,073,931	$ 2,097,075	$ 1,303,956
Fee-for-service	3,439,337	2,381,837	3,312,860
	$ 6,513,268	$ 4,478,912	$ 4,616,816

NOTE 13. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets are recorded at estimated fair value as contributed nonfinancial assets in the statement of activities. Contributed nonfinancial assets did not have donor-imposed restrictions. Donated services and unrecorded donated services were utilized in the respective programs. A summary of the fair value estimates related to contributed nonfinancial assets follows.

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2022 and 2021:

	2022	2021
Services	$ 52,632	$ 268,659
Unrecorded donated services	-	25,000
	$ 52,632	$ 293,659

Services: Contributions of donated services that either create or enhance nonfinancial assets or that require specialized skills were provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services are recorded at fair value in the period received. Donated services are provided by professional or technical personnel, consultants and other skilled labor and are an integral and necessary part of the program. Donated services are valued at rates consistent with those paid for similar work at the Partnership. For skills not found at the Partnership, the rates applied are consistent with those paid for similar work in the legal

NOTE 13. CONTRIBUTED NONFINANCIAL ASSETS

labor market. Rates include gross hourly wages plus fringe benefits calculated based on fringe benefits received by employees in similar positions or using the Partnership's average. Individuals providing donated services must possess qualifications and perform work requiring those skills. Contributions of donated services were recorded within Gifts-in-kind.

Unrecorded donated services: The value of the time donated by volunteers may not always meet the criterion for recognition in the financial statements. However, the Partnership estimates, based on Independent Sector's valuation for hourly volunteer rates for the Washington, D.C. area that unrecorded volunteer hours totaled $25,000 for the year ended December 31, 2022.

NOTE 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 11, 2023, which is the date the financial statements were available to be issued. The review and evaluation revealed no other material events or transactions which would require an adjustment to or disclosure in the accompanying consolidated financial statements.