THE PARTNERSHIP FOR LOS ANGELES SCHOOLS
MEETING OF THE BOARD OF DIRECTORS

December 10, 2019 4:00 p.m. – 6:30 p.m.
Partnership for Los Angeles Schools
1055 Wilshire Blvd, Suite 1850
Los Angeles, CA 90017

Agenda item	Estimated Time
A. Introductions	4:00 - 4:10
B. Action Items	4:10 - 4:35
I. Approve Minutes from October 1, 2019	
II. Approve 2018-19 Audit	
C. Discussion	4:35 - 5:25
I. Strategic Planning	
E. Closed Session CONFERENCE WITH LABOR NEGOTIATIONS (Government Code Section 54957.6) Unrepresented Employees: Executive Officers	5:25 - 6:25
F. Public Comment	6:25 - 6:30
G. Adjournment	6:30

Materials related to an item on this agenda submitted to the Partnership for Los Angeles Schools Board, including those submitted after the initial distribution of the agenda are available for public inspection prior to the meeting at the meeting location - 1055 Wilshire Blvd, Ste. 1850, Los Angeles, CA 90017.

PARTNERSHIP FOR LOS ANGELES SCHOOLS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

PARTNERSHIP FOR LOS ANGELES SCHOOLS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Partnership for Los Angeles Schools

Report on the Financial Statements
We have audited the accompanying financial statements of Partnership for Los Angeles Schools, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As discussed in Note 11 to the financial statements, beginning net assets of Partnership for Los Angeles Schools have been restated. Our opinion is not modified with respect to this matter.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partnership for Los Angeles Schools as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Green Hasson & Janks LLP

December 10, 2019
Los Angeles, California

PARTNERSHIP FOR LOS ANGELES SCHOOLS

STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS

Cash	$	1,737,589
Investments		13,046,571
Accounts Receivable		467,636
Pledges Receivable (net)		23,949,527
Prepaid Expenses and Other Assets		192,870
Property and Equipment (Net)		76,837
TOTAL ASSETS	$	39,471,030

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts Payable and Accrued Liabilities	$	654,379
NET ASSETS:		
Without Donor Restrictions		14,005,727
With Donor Restrictions		24,810,924
TOTAL NET ASSETS		38,816,651
TOTAL LIABILITIES AND NET ASSETS	$	39,471,030

The Accompanying Notes are an Integral Part of These Financial Statements

PARTNERSHIP FOR LOS ANGELES SCHOOLS

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Grants and Contributions	$ 4,764,946	$ 8,859,010	$ 13,623,956
In-Kind Contributions	79,626	-	79,626
Investment Return (Net)	289,920	-	289,920
Service Fee Income	503,080	-	503,080
Net Assets Released from Donor Restrictions	9,110,014	(9,110,014)	-
TOTAL REVENUES AND SUPPORT	14,747,586	(251,004)	14,496,582
EXPENSES:			
Program Services	10,453,145	-	10,453,145
Management and General	1,275,615	-	1,275,615
Fundraising	563,459	-	563,459
TOTAL EXPENSES	12,292,219	-	12,292,219
CHANGE IN NET ASSETS	2,455,367	(251,004)	2,204,363
Net Assets - Beginning of Year - As Restated	11,550,360	25,061,928	36,612,288
NET ASSETS - END OF YEAR	$ 14,005,727	$ 24,810,924	$ 38,816,651

PARTNERSHIP FOR LOS ANGELES SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services					
	College Readiness	Systems Change	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	$ 3,917,526	$ 701,618	$ 4,619,144	$ 840,014	$ 351,691	$ 5,810,849
Payroll Taxes	300,976	53,904	354,880	64,536	27,020	446,436
Employee Benefits	599,906	107,441	707,347	128,637	53,856	889,840
Contract Personnel	1,684,285	25,705	1,709,990	18,079	4,595	1,732,664
TOTAL PERSONNEL COSTS	6,502,693	888,668	7,391,361	1,051,266	437,162	8,879,789
Professional Fees	573,640	118,214	691,854	48,222	42,733	782,809
Food Expense	386,865	25,701	412,566	-	-	412,566
Rent	271,835	37,040	308,875	44,076	18,149	371,100
Travel	159,795	20,366	180,161	23,583	10,169	213,913
Student Activities	187,560	16,827	204,387	-	-	204,387
Technology and Software	169,414	1,563	170,977	1,859	11,073	183,909
Program Consultants	180,263	-	180,263	-	-	180,263
Student Supplies and Materials	178,509	892	179,401	-	-	179,401
Professional Development	107,068	12,253	119,321	5,191	16,595	141,107
Marketing	103,174	12,852	116,026	15,294	9,294	140,614
Grants	94,099	5,909	100,008	-	-	100,008
Equipment	67,196	6,349	73,545	7,554	3,111	84,210
Staff Recruitment and Retention	56,138	3,252	59,390	2,639	1,087	63,116
Printing and Copying	19,326	40,240	59,566	1,786	1,349	62,701
Insurance	37,966	5,187	43,153	6,171	2,541	51,865
Dues and Memberships	37,639	4,304	41,943	4,954	3,058	49,955
Depreciation	-	-	-	47,215	-	47,215
Telephone and Internet	33,255	4,499	37,754	5,355	2,224	45,333
Bank Fees and Service Charges	27,485	4,128	31,613	4,387	2,021	38,021
Office Expenses	28,582	3,707	32,289	3,390	1,792	37,471
Taxes and Filing Fees	16,445	2,247	18,692	2,673	1,101	22,466
TOTAL FUNCTIONAL EXPENSES	$ 9,238,947	$ 1,214,198	$ 10,453,145	$ 1,275,615	$ 563,459	$ 12,292,219
	75%	10%	85%	10%	5%	100%

The Accompanying Notes are an Integral Part of These Financial Statements

PARTNERSHIP FOR LOS ANGELES SCHOOLS

STATEMENT OF CASH FLOWS
Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	$ 2,204,363
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	47,215
Change in Present Value Discount on Pledges Receivable	(1,525,008)
Net Realized and Unrealized Gains on Investments	(44,378)
(Increase) Decrease in:	
Accounts Receivable	(429,657)
Pledges Receivable	2,499,409
Prepaid Expenses and Other Assets	(78,527)
Increase in Accounts Payable and Accrued Liabilities	29,200
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,702,617
CASH FLOWS USED IN INVESTING ACTIVITIES:	
Purchases of Property, Plant and Equipment	(69,779)
Purchases of Investments	(25,220,110)
Sales of Investments	17,981,654
Interest and Dividends Reinvested	(245,542)
NET CASH USED IN INVESTING ACTIVITIES	(7,553,777)
Cash - Beginning of Year	6,588,749
CASH - END OF YEAR	$ 1,737,589

The Accompanying Notes are an Integral Part of These Financial Statements

NOTE 1 - ORGANIZATION

Partnership for Los Angeles Schools (the Partnership) is a California nonprofit public benefit corporation launched by former Los Angeles Mayor Antonio Villaraigosa to transform schools and revolutionize school systems to empower all students with a high-quality education. The Partnership is the largest alternative public school operator in Los Angeles. Beginning July 1, 2008, the Partnership began serving and supporting ten Los Angeles Unified School District (the District) schools, representing a combination of elementary, middle and high schools, under a Memorandum of Understanding (MOU) approved by the Board of Education in May 2008. A revised five-year MOU was approved in October 2012, which allowed the Partnership to operate through June 30, 2018; and another five-year MOU was approved in June 2017, which allows the Partnership to operate through June 30, 2023. As of June 30, 2019, the Partnership served and supported 18 schools with approximately 14,000 students.

The Partnership's goals are to: 1) dramatically accelerate achievement for students in the District's highest poverty schools; and 2) remove barriers, pioneer new programs and scale success to benefit all District students. The Partnership seeks to become a model for collaboration, school reform and community advancement that can be replicated throughout Los Angeles, California and the nation. In order to accomplish these goals, the Partnership works in close collaboration with school stakeholders and the District, and focuses on embodying four core values in all its work: 1) courage - aim high, do what's right, and hold ourselves accountable; 2) creativity - seek creative and scalable solutions; 3) continuous improvement - relentlessly pursue excellence; and 4) collective action - lead together.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) NET ASSETS

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

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions. During the year ended June 30, 2019, the Board of Directors designated, from net assets without donor restrictions, an additional $1,000,000 for its operating reserve, bringing the total Board designated operating reserve to $6,000,000.

- **Net Assets With Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) CASH

The Partnership maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

(d) INVESTMENTS

Investments with readily determinable market values are reported at fair value. The fair value of these investments is determined based on the closing price on the last business day of the fiscal year.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains and losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(e) ACCOUNTS RECEIVABLE

Accounts receivable are recorded when billed or accrued and represent fees for service that will be settled in cash. At June 30, 2019, management evaluated the collectability of accounts receivable, which is primarily due from the District, and determined that no allowance for doubtful accounts receivable was considered necessary.

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues in the period received. The Partnership reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. A discount rate of 7% has been used to calculate the present value of pledges receivable.

(g) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation, if donated. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis as follows:

Computer and Equipment	3-5 Years
Leasehold Improvements	Shorter of Lease Term or 5-10 Years
Furniture and Fixtures	5-10 Years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) PROPERTY AND EQUIPMENT (continued)

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to $1,000 and the useful life is greater than one year.

(h) IN-KIND GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended June 30, 2019, the Partnership recorded in-kind contributions of $79,626 primarily for donated parking, marketing and legal services.

(i) INCOME TAXES

The Partnership is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

(j) ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The Partnership has adopted the fair value standard that clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Further, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The fair value accounting standard establishes a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

For cash, accounts receivable, pledges receivable, accounts payable and accrued liabilities, the carrying amounts represent a reasonable estimate of fair values due to their short-term maturity. Investments are reflected at estimated fair value as described in Note 3.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Partnership's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Partnership uses full-time equivalents to allocate indirect costs.

(l) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

(m) NEW ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958),* which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. The Partnership implemented the ASU during the year ended June 30, 2019.

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers,* which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For the Partnership, the ASU will be effective for the year ending June 30, 2020.

In February 2016, FASB issued ASU No. 2016-02, *Leases,* which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the financial statements. For the Partnership, the ASU will be effective for the year ending June 30, 2022.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. For the Partnership, the ASU will be effective for the year ending June 30, 2020.

(n) SUBSEQUENT EVENTS

The Partnership has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2019 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 10, 2019, the date these financial statements were available to be issued.

NOTE 3 - INVESTMENTS

The following table presents information about the Partnership's assets that are measured at fair value on a recurring basis at June 30, 2019, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using		
	Year Ended June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government Bonds	$ 11,042,976	$ -	$ 11,042,976	$ -
Certificates of Deposit	2,003,595	-	2,003,595	-
TOTAL INVESTMENTS	$ 13,046,571	$ -	$ 13,046,571	$ -

The fair value of government bonds and certificates of deposit was obtained based on market prices for identical or similar instruments traded in over-the-counter markets at the closing of the last business day of the fiscal year.

The Partnership recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 investments generally relate to whether a market becomes active or inactive. Transfers between Level 2 and 3 investments generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the year ended June 30, 2019.

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2019 are expected to be collected as follows:

Within One Year	$ 6,130,591
In Two to Five Years	13,900,000
Beyond Five Years	10,500,000
TOTAL	30,530,591
Less: Present Value Discount on Pledges Receivable	(6,581,064)
PLEDGES RECEIVABLE (NET)	$ 23,949,527

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 consist of the following:

Computer Equipment	$ 1,408,029
Leasehold Improvements	62,038
Furniture and Fixtures	15,891
TOTAL	1,485,958
Less: Accumulated Depreciation	(1,409,121)
PROPERTY AND EQUIPMENT (NET)	$ 76,837

Depreciation expense for the year ended June 30, 2019 was $47,215.

NOTE 6 - OPERATING LEASES

The Partnership leases office space under a non-cancelable operating lease agreement. The Partnership also leases certain equipment under a non-cancelable operating lease. These leases expire in February 2021. Future minimum rental payments associated with these leases as of June 30, 2019 are as follows:

Years Ending June 30	
2020	$ 391,434
2021	131,461
TOTAL	$ 522,895

Rent expense under operating leases, included in rent and related expense in the statement of functional expenses, for the year ended June 30, 2019 was $371,100.

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Partnership's net assets without donor restrictions is comprised of the following at June 30, 2019:

Undesignated	$ 8,005,727
Board Designated Operating Reserve	6,000,000
TOTAL	$ 14,005,727

Board Designated Operating Reserve: The Board of Directors has designated $6,000,000 of net assets without donor restrictions as an operating reserve. The purpose of the operating reserve, which is managed in accordance with a Board-approved operating reserve policy, is to ensure the long term financial stability of the Partnership and position it to respond to varying economic conditions.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019:

Subject to the Passage of Time:	
Pledges Receivable	$ 20,178,936
Subject to Expenditure for Specified Purpose:	
College Readiness	3,999,173
Systems Change	556,799
Organizational Sustainability	76,016
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	$ 24,810,924

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2019:

Expiration of Specified Time Period:	
Pledges Receivable	$ 2,734,992
Satisfaction of Purpose Restrictions:	
College Readiness	1,765,467
Systems Change	4,514,451
Organizational Sustainability	95,104
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	$ 9,110,014

NOTE 9 - RETIREMENT PLAN

The Partnership has established an Internal Revenue Code Section 403(b) type retirement plan (the Plan) for the benefit of all employees that work 20 hours or more per week. Under the terms of the Plan, all employees over the age of 18 are eligible to receive employer matching contributions. The Partnership matches 100% of participants' contributions up to 6% of the participant's total compensation. There is no wait period to participate in the Plan. For employees hired prior to November 1, 2017, employer contributions vest at 25% after two years of service, 50% after three years of service, and 100% after four years of service. For employees hired on or after November 1, 2017, employer contributions vest at 25% after three years of service, 50% after four years of service, and 100% after five years of service. During the year ended June 30, 2019, the Partnership made matching contributions of $263,029 to the Plan.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Partnership at June 30, 2019 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2019	
Cash	$ 1,737,589
Investments	13,046,571
Accounts Receivable	467,636
Pledges Receivable	23,949,527
TOTAL FINANCIAL ASSETS AT JUNE 30, 2019	39,201,323
Less: Amounts Not Available to Be Used within One Year,Due to:	
Board Designations:	
Board Designated Operating Reserve	(6,000,000)
Donor-Imposed Restrictions:	
Funds Held with Purpose Restrictions	(861,397)
Pledges Restricted by Purpose or Time	(23,949,527)
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	$ 8,390,399

The Partnership regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. 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.

The Partnership has a Board designated operating reserve of $6,000,000 that can be drawn upon, with Board approval, to meet unanticipated liquidity needs.

NOTE 11 - BEGINNING NET ASSETS RESTATEMENT

Beginning net assets have been restated for unrecorded multi-year pledges received in the prior year as well as certain unrecorded accrued expenses in the prior year. In addition, certain net assets classified as without donor restrictions in the prior year have been correctly re-classified as net assets with donor restrictions. The impact of the restatement on beginning net assets is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions
Balance as Previously Reported	$ 11,707,496	$ -
Increase in Pledges Receivable	-	24,923,928
Increase in Accrued Expenses	(19,136)	-
Reclassification of Donor Restricted Funds	(138,000)	138,000
BALANCE AS RESTATED	$ 11,550,360	$ 25,061,928