



National Governors Association and National Governors Association Center for Best Practices

Consolidated Financial Statements
and Supplementary Information
Years Ended June 30, 2021 and 2020

**National Governors Association and
National Governors Association Center for Best Practices**

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Independent Auditor's Report

To the Audit Committee/Board of Directors
**National Governors Association and
National Governors Association Center for Best Practices**
Washington, D.C.

Opinion

We have audited the consolidated financial statements of **National Governors Association (NGA) and National Governors Association Center for Best Practices (NGA Center)**, collectively the Organization, which comprise the consolidated statements of balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of **National Governors Association and National Governors Association Center for Best Practices** as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 control. Misstatements 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.



Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, LLP

Potomac, Maryland
January 26, 2022

Consolidated Financial Statements

**National Governors Association and
National Governors Association Center for Best Practices**

Consolidated Balance Sheets

<i>June 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 12,338,546	\$ 9,427,850
Investments	50,380,045	40,078,874
Accounts receivable	2,375,915	2,388,073
Due from other public interest organizations	-	817,803
Prepaid expenses and other assets	285,494	290,529
Property and equipment, net	3,819,825	4,156,044
Total assets	\$ 69,199,825	\$ 57,159,173
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 2,155,478	\$ 2,692,181
Deferred revenue and other liabilities	3,573,738	2,540,860
Deferred lease benefit	3,843,368	3,910,078
Total liabilities	9,572,584	9,143,119
Commitments and contingencies		
Net assets		
Without donor restrictions:		
Operating funds NGA and NGA Center	9,946,479	10,441,955
NGA Center endowment	25,513,969	19,761,296
NGA endowment	20,370,821	15,833,477
Total without donor restrictions	55,831,269	46,036,728
With donor restrictions	3,795,972	1,979,326
Total net assets	59,627,241	48,016,054
Total liabilities and net assets	\$ 69,199,825	\$ 57,159,173

See notes to consolidated financial statements.

National Governors Association and National Governors Association Center for Best Practices

Consolidated Statement of Activities

Year ended June 30, 2021	Without Donor Restrictions				Total	With Donor Restrictions	Total
	NGA and NGA Center Operating	NGA Center Endowment	NGA Endowment	Total			
Support and revenue							
Foundation grants and contributions	\$ 224,443	\$ -	\$ -	\$ 224,443	\$ 6,032,161	\$ 6,256,604	
Federal grants and contracts	3,916,942	-	-	3,916,942	-	3,916,942	
Other contributions	1,904,165	-	-	1,904,165	-	1,904,165	
Membership dues	4,316,273	-	-	4,316,273	-	4,316,273	
Investment return, net	11,153	5,752,673	4,537,344	10,301,170	-	10,301,170	
Corporate partnership	5,372,916	-	-	5,372,916	-	5,372,916	
Registration fees	6,308	-	-	6,308	-	6,308	
Other income	2,154	-	-	2,154	-	2,154	
Net assets released from restrictions	4,215,515	-	-	4,215,515	(4,215,515)	-	
Total support and revenue	19,969,869	5,752,673	4,537,344	30,259,886	1,816,646	32,076,532	
Expenses:							
Governmental Services							
Government relations	2,477,699	-	-	2,477,699	-	2,477,699	
Program Services							
Education division	892,071	-	-	892,071	-	892,071	
Economic development and commerce division	4,958,223	-	-	4,958,223	-	4,958,223	
Health and human services division	3,073,567	-	-	3,073,567	-	3,073,567	
Environment, energy and transportation division	1,913,367	-	-	1,913,367	-	1,913,367	
Homeland security and public safety division	2,764,160	-	-	2,764,160	-	2,764,160	
Total governmental and program services	16,079,087	-	-	16,079,087	-	16,079,087	
Supporting Services							
Management consulting and training	669,973	-	-	669,973	-	669,973	
Meetings	973,135	-	-	973,135	-	973,135	
Communications	1,842,398	-	-	1,842,398	-	1,842,398	
Management and administration	220,915	-	-	220,915	-	220,915	
Development	679,837	-	-	679,837	-	679,837	
Total supporting services	4,386,258	-	-	4,386,258	-	4,386,258	
Total expenses	20,465,345	-	-	20,465,345	-	20,465,345	
Change in net assets	(495,476)	5,752,673	4,537,344	9,794,541	1,816,646	11,611,187	
Net assets, at beginning of year	10,441,955	19,761,296	15,833,477	46,036,728	1,979,326	48,016,054	
Net assets, at end of year	\$ 9,946,479	\$ 25,513,969	\$ 20,370,821	\$ 55,831,269	\$ 3,795,972	\$ 59,627,241	

See notes to consolidated financial statements.

National Governors Association and National Governors Association Center for Best Practices

Consolidated Statement of Activities

Year ended June 30, 2020	Without Donor Restrictions				With Donor Restrictions	Total
	NGA and NGA Center Operating	NGA Center Endowment	NGA Endowment	Total		
Support and revenue						
Foundation grants and contracts	\$ 8,593,729	\$ -	\$ -	\$ 8,593,729	\$ 4,005,114	\$ 12,598,843
Federal grants and contributions	4,704,041	-	-	4,704,041	-	4,704,041
Other contributions	5,323,014	-	-	5,323,014	-	5,323,014
Membership dues	4,616,797	-	-	4,616,797	-	4,616,797
Investment return, net	49,936	1,360,394	1,069,908	2,480,238	-	2,480,238
Corporate partnership	1,996,667	-	-	1,996,667	-	1,996,667
Registration fees	511,720	-	-	511,720	-	511,720
Employment/vocational training fees	13,591	-	-	13,591	-	13,591
Other income	18,770	-	-	18,770	-	18,770
Net assets released from restrictions	7,964,740	-	-	7,964,740	(7,964,740)	-
Total support and revenue	33,793,005	1,360,394	1,069,908	36,223,307	(3,959,626)	32,263,681
Expenses:						
Governmental Services						
Government relations	2,277,683	-	-	2,277,683	-	2,277,683
Program Services						
Education division	2,498,476	-	-	2,498,476	-	2,498,476
Economic development and commerce division	6,787,239	-	-	6,787,239	-	6,787,239
Health and human services division	5,197,818	-	-	5,197,818	-	5,197,818
Environment, energy and transportation division	2,531,416	-	-	2,531,416	-	2,531,416
Homeland security and public safety division	4,004,577	-	-	4,004,577	-	4,004,577
Total governmental and program services	23,297,209	-	-	23,297,209	-	23,297,209
Supporting Services						
Chair's initiative	1,321,660	-	-	1,321,660	-	1,321,660
Management consulting and training	1,341,002	-	-	1,341,002	-	1,341,002
Meetings	2,230,572	-	-	2,230,572	-	2,230,572
Communications	1,444,254	-	-	1,444,254	-	1,444,254
International initiatives	146,257	-	-	146,257	-	146,257
Management and administration	423,143	-	-	423,143	-	423,143
Development	1,105,862	-	-	1,105,862	-	1,105,862
	8,012,750	-	-	8,012,750	-	8,012,750
Total expenses	31,309,959	-	-	31,309,959	-	31,309,959
Change in net assets	2,483,046	1,360,394	1,069,908	4,913,348	(3,959,626)	953,722
Net assets, at beginning of year	7,958,909	18,400,902	14,763,569	41,123,380	5,938,952	47,062,332
Net assets, at end of year	\$ 10,441,955	\$ 19,761,296	\$ 15,833,477	\$ 46,036,728	\$ 1,979,326	\$ 48,016,054

See notes to consolidated financial statements.

**National Governors Association and
National Governors Association Center for Best Practices
Consolidated Statement of Functional Expenses**

	Governmental Services		Program Services					Supporting Services					Total Supporting Services	Total Expenses	
	Government Relations	Total Governmental Services	Education Division	Economic Development and Commerce Division	Health and Human Services Division	Environment, Energy and Transportation Division	Homeland Security and Public Safety Division	Total Program Services	Management Consulting and Training	Meetings	Communications	Management and Administration			Development
<i>Year ended June 30, 2021</i>															
Personnel	\$ 1,311,125	\$ 1,311,125	\$ 458,287	\$ 1,327,634	\$ 1,050,841	\$ 974,290	\$ 1,235,617	\$ 5,046,669	\$ 376,132	\$ 468,457	\$ 1,045,608	\$ 3,678,263	\$ 394,711	\$ 5,963,171	\$ 12,320,965
General office	44,496	44,496	-	223	-	6,334	160	6,717	83	14,791	930	40,565	-	56,369	107,582
Occupancy	-	-	-	-	-	-	-	-	-	-	-	1,395,318	-	1,395,318	1,395,318
Equipment	3,326	3,326	-	504	49,500	-	3,083	53,087	-	3,991	23,112	293,424	-	320,527	376,940
Printing	-	-	-	-	-	-	-	-	-	-	-	10,088	-	10,088	10,088
Telecommunications	-	-	-	-	123	-	-	123	1,459	2,391	-	197,760	-	201,610	201,733
Contractual services	180,000	180,000	73,000	2,354,726	1,102,190	119,567	454,120	4,103,603	5,900	-	34,215	442,330	17,250	499,695	4,783,298
Professional services	5,250	5,250	-	3,284	322	690	1,759	6,055	-	723	-	562,697	-	563,420	574,725
Travel	-	-	3,479	1,385	-	-	105	4,969	40	3,246	-	3,115	-	6,401	11,370
Meetings	-	-	-	12,728	1,250	5,000	19,370	38,348	16,292	145,651	-	93,025	-	254,968	293,316
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	336,219	-	336,219	336,219
Miscellaneous	54	54	-	-	-	78	594	672	1,149	7,590	1,057	43,227	42	53,065	53,791
Indirect costs	933,448	933,448	357,305	1,257,739	869,341	807,408	1,049,352	4,341,145	268,918	326,295	737,476	(6,875,116)	267,834	(5,274,593)	-
Total expenses	\$ 2,477,699	\$ 2,477,699	\$ 892,071	\$ 4,958,223	\$ 3,073,567	\$ 1,913,367	\$ 2,764,160	\$ 13,601,388	\$ 669,973	\$ 973,135	\$ 1,842,398	\$ 220,915	\$ 679,837	\$ 4,386,258	\$ 20,465,345

See notes to consolidated financial statements.

**National Governors Association and
National Governors Association Center for Best Practices
Consolidated Statement of Functional Expenses**

	Governmental Services		Program Services					Supporting Services							Total Supporting Services	Total Expenses	
	Government Relations	Total Governmental Services	Education Division	Economic Development and Commerce Division	Health and Human Services Division	Environment, Energy and Transportation Division	Homeland Security and Public Safety Division	Total Program Services	Chair's Initiative	Management Consulting and Training	Meetings	Communications	International Initiatives	Management and Administration			Development
<i>Year ended June 30, 2020</i>																	
Personnel	\$ 1,299,349	\$ 1,299,349	\$ 1,185,878	\$ 2,043,974	\$ 2,076,605	\$ 1,136,389	\$ 1,816,998	\$ 8,259,844	\$ 263,300	\$ 629,652	\$ 690,026	\$ 777,358	\$ 46,719	\$ 4,449,445	\$ 637,954	\$ 7,494,454	\$ 17,053,647
General office	44,862	44,862	10,247	16,509	24,201	8,850	11,572	71,379	23,833	2,498	11,589	38,611	365	9,957	9,200	96,053	212,294
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-	1,392,838	-	1,392,838	1,392,838
Equipment	-	-	-	1,403	15,840	-	5,855	23,098	-	-	6,299	39,433	-	414,390	63,572	523,694	546,792
Printing	10	10	3,538	79,780	87,576	24,450	14,595	209,939	3,809	435	963	10,054	-	25,042	2,878	43,181	253,130
Telecommunications	5,533	5,533	-	3,039	7,839	4,312	3,295	18,485	-	1,429	8,098	2,892	-	157,246	375	170,040	194,058
Contractual services	115,000	115,000	52,900	1,893,527	650,990	111,692	504,801	3,213,910	222,655	42,975	-	96,790	53,992	237,785	85,973	740,170	4,069,080
Professional services	-	-	2,367	8,310	5,669	8,763	24,001	49,110	3,335	2,130	6,126	862	2,060	1,083,377	5,086	1,102,976	1,152,086
Travel	7,404	7,404	227,046	548,291	495,568	198,392	215,694	1,684,991	263,096	119,718	80,770	6,222	2,218	46,143	8,389	526,556	2,218,951
Meetings	27,359	27,359	156,081	756,609	333,201	207,200	65,042	1,518,133	354,568	164,859	989,980	4,378	13,207	870,344	24,383	2,421,719	3,967,211
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	169,490	-	169,490	169,490
Miscellaneous	-	-	-	119	575	1,114	1,500	3,308	(685)	(485)	7,262	1,545	-	70,052	(615)	77,074	80,382
Indirect costs	778,166	778,166	860,419	1,435,678	1,499,754	830,254	1,341,224	5,967,329	187,749	377,791	429,459	466,109	27,696	(8,502,966)	268,667	(6,745,495)	-
Total expenses	\$ 2,277,683	\$ 2,277,683	\$ 2,498,476	\$ 6,787,239	\$ 5,197,818	\$ 2,531,416	\$ 4,004,577	\$ 21,019,526	\$ 1,321,660	\$ 1,341,002	\$ 2,230,572	\$ 1,444,254	\$ 146,257	\$ 423,143	\$ 1,105,862	\$ 8,012,750	\$ 31,309,959

See notes to consolidated financial statements.

**National Governors Association and
National Governors Association Center for Best Practices**

Consolidated Statements of Cash Flows

<i>Years ended June 30,</i>	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 11,611,187	\$ 953,722
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(9,604,795)	(1,908,477)
Depreciation and amortization expense	336,219	169,490
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	12,158	1,219,546
Due from other public interest organizations	817,803	1,301,449
Prepaid expenses and other assets	5,035	(151,884)
Increase (decrease) in:		
Accounts payable and accrued expenses	(536,703)	(481,826)
Deferred revenue and other liabilities	1,032,878	1,374,161
Deferred lease benefit	(66,710)	(122,709)
Net cash provided by operating activities	3,607,072	2,353,472
Cash flows from investing activities:		
Purchases of investments	(13,877,511)	(21,243,059)
Proceeds from sales and maturities of investments	13,181,135	20,671,298
Purchases of property and equipment	-	(239,827)
Net cash used in investing activities	(696,376)	(811,588)
Increase in cash and cash equivalents	2,910,696	1,541,884
Cash and cash equivalents, beginning of year	9,427,850	7,885,966
Cash and cash equivalents, end of year	\$ 12,338,546	\$ 9,427,850

See notes to consolidated financial statements.

National Governors Association and National Governors Association Center for Best Practices

Notes to Consolidated Financial Statements

1. Nature of Activities

National Governors Association (NGA) is an instrumentality of the states of the United States of America whose membership is restricted to the governors of the states, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico and the Commonwealth of the Northern Mariana Islands.

NGA's purposes include:

- Providing a medium for the exchange of views and experiences on subjects of general importance to the people of the United States;
- Fostering interstate cooperation;
- Promoting greater uniformity of state laws;
- Attaining greater efficiency in state administration;
- Facilitating and improving state-local and state-federal relationships; and
- Vigorously representing the interests of the states in the federal system.

National Governors Association Center for Best Practices (NGA Center) is a separately incorporated 501(c)(3) entity organized for the general purpose of establishing and maintaining a center for tracking, evaluating and disseminating information on state innovations and best practices. The membership of NGA Center is the same as that of NGA and the organizations operate under the oversight of common management. NGA Center's Board of Directors is appointed by the NGA Chair and Vice Chair.

2. Summary of Significant Accounting Policies

Consolidation Policy

The consolidated financial statements include the accounts of NGA and NGA Center, collectively the Organization. All material intercompany transactions and balances have been eliminated in the consolidation.

Basis of Accounting

The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

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 (or certain grantor) restrictions.

National Governors Association and National Governors Association Center for Best Practices

Notes to Consolidated Financial Statements

Net Assets With Donor Restrictions: Net assets subject to donor (or certain grantor) 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.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments, which are to be used for current operations and which have an original maturity of three months or less, to be cash and cash equivalents. All other highly liquid instruments are to be used for the long-term purposes of the Organization. Cash and cash equivalents are valued at their carrying amount which approximates fair value due to their short maturities.

Financial Instruments and Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents, investments, and accounts receivable.

The Organization maintains its cash balances at a creditworthy financial institution, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

The Organization invests in professionally managed portfolios that contain various investments that are exposed to risks such as market, interest and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Credit risk with respect to receivables is generally limited as the Organization has outstanding receivables with several customers.

Investments

Investments with readily determinable fair values are reflected at fair market value. To adjust the carrying values of these securities, unrealized gains and losses are recorded as investment return in the accompanying consolidated statements of activities.

Accounts Receivable

Accounts receivable are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis. 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. The provision for doubtful accounts was \$0 for the years ended June 30, 2021 and 2020, respectively.

National Governors Association and National Governors Association Center for Best Practices

Notes to Consolidated Financial Statements

Property and Equipment

Property and equipment purchases are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the lease term or the life of the asset. NGA capitalizes all property and equipment purchased with a cost of \$2,500 or more. NGA Center does not purchase any property or equipment.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Deferred Lease Benefit

NGA's lease for office space includes escalations of the base rent and lease incentives. Rent expense is recorded on a straight-line basis over the entire lease term. Lease incentives, including improvement allowances, are amortized over the entire lease term. The deferred lease benefit recorded in the accompanying consolidated balance sheets represents the cumulative difference between the monthly rent expense and rent paid, as well as the unamortized portion of the lease incentives.

Revenue Recognition

Revenue Accounted for as Contributions

Foundation Grants and Contributions

Unconditional foundation grants and contributions are recorded as either with or without donor restrictions support, depending on the existence and/or nature of any donor restrictions, when pledge is received. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Conditional contributions, if any, are recorded when the conditions have been met. There were no conditional contributions as of June 30, 2021 and 2020.

Federal Grants and Contracts

NGA Center receives grants and contracts from various federal agencies for various purposes. Grants awarded by federal agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes, and revenue is recognized when qualifying expenditures are incurred and conditions under the grant agreements are met. Grant and contract award funds not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes

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Notes to Consolidated Financial Statements

specified by an approved grant. As of June 30, 2021 and 2020, NGA Center had remaining available award balances on the federal grants and contracts of \$7,506,396 and \$6,405,037, respectively. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Revenue Accounted for as Contracts

The Organization recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. The Organization's management expects that the period between when the Organization transfers goods and services to their customers and when the customers pay for those goods and services will be one year or less. Therefore, the Organization has elected the practical expedient not to adjust the promised amount of consideration for the effect of a significant financing component. Amounts received in advance of services performed, but not yet earned, are held and recorded as deferred revenue. Invoices resulting from the Organization's contracts with customers are generally due within 30 days of the invoice date.

Corporate Partnerships

Corporate partnerships include revenue received from corporations for partnership with the Organization to empower solutions to public policy challenges through collaboration between governors and the private sector. Partners receive benefits such as complementary registrations, name recognition within certain the Organization publications/website/apps, and other benefits including exclusive access to governors during meetings and conferences held through-out the calendar year. There are several levels of partnership, and benefits vary by level of partnership. Performance obligations are satisfied at the time when services are transferred evenly through-out the calendar year and revenues are recognized at a point in time. Amounts received in advance of services performed, but not yet earned, are held and recorded as deferred revenue.

Membership Dues

Amounts charged by NGA to state governors for the general rights of membership which includes access to resources, services and assistance to governors, governors' spouses and their staff through the complete life-cycle of a governor's term from election day through the final year in office. Member services also include access to private work sessions, professional development opportunities, leadership/management publications, research assistance and other programs. Although NGA does not execute a contract with its members, management considers payment of annual dues, based on prices determined by NGA, to constitute member acceptance of the offered benefits. With the membership benefits described above, the performance obligations are satisfied over the membership period, using the input method, which coincides with the Organization's reporting period. Membership dues received in advance of services performed, but not yet earned, are held and recorded as deferred revenue.

Registration Fees

Registration fees revenue is recognized at the time of the event. Payments received in advance of the event are recorded as deferred revenue.

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Income Taxes

The Internal Revenue Service (IRS) has determined that NGA is not subject to federal income taxes as it is deemed to be an instrumentality of the states of the United States of America.

NGA Center is exempt from income tax under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and the applicable income tax regulations of the District of Columbia, except on net income from unrelated activities. No provision for income taxes was required as of June 30, 2021 and 2020, as NGA Center had no net unrelated business income. NGA Center has been determined to not be a private foundation.

Management has evaluated NGA Center's tax positions and has concluded that NGA Center has taken no uncertain tax positions that require adjustment to the consolidated financial statements. NGA Center files information returns in the U.S. federal jurisdiction. NGA Center is still open to examination by taxing authorities from year 2018 forward.

Use of Estimates

The preparation of these consolidated financial statements requires management to make certain estimates and assumptions. These estimates and assumptions may affect reported amounts and disclosures in the consolidated financial statements. Actual results could differ from these estimates.

Functional Allocation of Expenses

The costs of providing various programs and support activities have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. Direct expenses are charged to the respective programs and supporting services benefited based upon actual time or costs incurred. Indirect costs which mainly include occupancy and general office expenses are allocated to the Organization's programs based on their respective percentages of annual salaries and benefits.

Accounting Pronouncements Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers* (Topic 606). This update supersedes previously issued guidance on revenue recognition and will apply to virtually all industries. The core principle of this new guidance is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies the performance obligation. The Organization adopted this update, along with all subsequent amendments (collectively, "Topic 606"), for the year ended June 30, 2021 under the modified retrospective method. This initial application was applied to all contracts as of July 1, 2020. The adoption of this update did not materially impact the consolidated financial statements.

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In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820 for recurring and nonrecurring fair value measurements by removing, modifying, and adding certain disclosures. This ASU was adopted by the Organization during the year ended June 30, 2021. The adoption of this update did not materially impact the consolidated financial statements.

New Accounting Pronouncements to be Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally using the straight-line method. The guidance is effective for the Organization for the fiscal year 2023. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. The Organization is currently evaluating the effect that adoption of this new standard will have on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The ASU requires that a nonprofit present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets. Information that shows the contributed nonfinancial assets disaggregated by category will be required to be disclosed. In addition, the ASU requires that for each type of contributed nonfinancial asset the following will be disclosed: (a) policy (if any) on liquidating rather than using the contributed nonfinancial assets, (b) qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period and, if used, a description of how the asset was employed should be included, (c) any donor imposed restrictions related to contributed nonfinancial assets, (d) valuation methods and inputs utilized to determine a fair value measure at initial recognition, and (e) the principal or most advantageous market utilized to calculate fair value if it is a market in which the NFP is restricted by the donor from selling or utilizing the contributed nonfinancial assets. The amendments in the ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption of the ASU is permitted. The Organization is evaluating the effect that adoption of this new standard will have on its consolidated financial statements.

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3. Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consist of the following:

<i>June 30,</i>	2021	2020
Financial assets, at year-end:		
Cash and cash equivalents	\$ 12,338,546	\$ 9,427,850
Investments	50,380,045	40,078,874
Accounts receivable	2,375,915	2,388,073
Total financial assets available within one year	65,094,506	51,894,797
Less: Amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	3,795,972	1,979,326
NGA Center endowment	25,513,969	19,761,296
NGA endowment	20,370,821	15,833,477
Financial assets available to meet cash needs for general expenditures within one year	\$ 15,413,744	\$ 14,320,698

The Organization is primarily funded by a combination of foundation and federal grant contracts, member dues and corporate partnerships and other contributions. The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations that come due.

4. Investments

At June 30, 2021 and 2020, investments consist of the following:

	2021	2020
Corporate equity securities	\$ 17,253,497	\$ 13,147,834
Exchange traded funds	494,626	1,939,476
Mutual funds	22,394,329	14,807,531
Corporate debt securities	3,672,999	3,707,836
Government debt securities	1,515,447	4,660,394
Cash	5,049,147	1,815,803
	\$ 50,380,045	\$ 40,078,874

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For the years ended June 30, 2021 and 2020, investment return, net consists of the following:

	2021	2020
Realized and unrealized gain, net	\$ 9,604,795	\$ 1,908,477
Interest and dividends	917,310	753,881
Management fees	(220,935)	(182,120)
	\$ 10,301,170	\$ 2,480,238

5. Accounts Receivable

At June 30, 2021 and 2020, accounts receivable consist of the following:

	2021	2020
Foundation grants and contributions	\$ 1,171,267	\$ 1,048,107
Federal grants and contracts	1,204,648	1,339,966
	\$ 2,375,915	\$ 2,388,073

6. Property and Equipment

At June 30, 2021 and 2020, property and equipment consists of the following:

	2021	2020
Computer equipment and software	\$ 1,762,477	\$ 1,762,477
Leasehold improvements	5,150,144	5,150,144
Furniture and equipment	686,541	686,541
	7,599,162	7,599,162
Less: Accumulated depreciation and amortization	(3,779,337)	(3,443,118)
	\$ 3,819,825	\$ 4,156,044

Depreciation and amortization expense charged to operations was \$336,219 and \$169,490 for the years ended June 30, 2021 and 2020, respectively.

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7. Lease Commitment

The Organization leases office facilities for NGA and NGA Center from State Services Organization (SSO) under a non-cancelable operating lease agreement that expired on January 2020 and eventually extended to December 2032. As part of the lease extension, SSO provided a tenant improvement allowance in the amount of \$3,933,025. These costs have been included in the consolidated balance sheets as leasehold improvements and are being amortized over the life of the lease. In addition, a deferred lease benefit has been credited for the same amount in build out costs. The deferred lease benefit is being amortized over the length of the lease term, at the same rate as the amortization of the leasehold improvements. Rental payments are comprised of a base rental rate plus annual escalations, real estate taxes and building operating costs.

Future minimum lease payments under this office lease at June 30, 2021 are as follows:

Years ending June 30,

2022	\$ 1,583,769
2023	1,623,363
2024	1,663,947
2025	1,705,546
2026	1,748,184
Thereafter	12,474,424
<hr/>	
Total minimum lease payments	\$ 20,799,233

Rental expense was approximately \$1,382,000 and \$1,380,000 for the years ended June 30, 2021 and 2020, respectively.

8. Net Assets

Without Donor Restrictions

The NGA Center endowment represents without donor restricted contributions that are used to support NGA Center's activities. The NGA endowment was initially funded from royalties previously received from the selling of commemorative ingots and medals. The Executive Committee of NGA has designated that earnings on the NGA endowment fund may be allocated to support the operations of NGA and NGA Center. In addition, earnings on the NGA Center endowment funds may be allocated annually to support NGA Center operations. Revenue and expenses not otherwise classified in NGA Center or NGA endowment funds are presented within the operating funds.

Endowment funds are invested to provide for a total return consisting of growth, plus dividend and interest income. Endowment funds are invested in a portfolio consisting of a mix of corporate equity securities, exchange traded funds, mutual funds, debt securities and cash, which may reflect varying rates of return. Spending of earnings of the endowment is at the Board of Directors' discretion. For the years ended June 30, 2021 and 2020, no earnings from the endowment were spent. For the years ended June 30, 2021 and 2020, earnings from the NGA Center endowment totaled \$5,752,673 and \$1,360,394, respectively. For the years ended June 30, 2021 and 2020, earnings from the NGA endowment totaled \$4,548,497 and \$1,069,908, respectively.

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NGA and NGA Center's endowment funds consist of the following at June 30:

	2021	2020
NGA Center endowment	\$ 25,513,969	\$ 19,761,296
NGA endowment	20,370,821	15,833,477
	\$ 45,884,790	\$ 35,594,773

The NGA Center endowment and NGA endowment net assets consist of the following at June 30:

	2021	2020
NGA Center Endowment:		
Investments and cash	\$ 25,513,969	\$ 19,761,296
NGA Endowment:		
Investments	20,370,821	15,833,477
Total endowments	\$ 45,884,790	\$ 35,594,773

With Donor Restrictions

Net assets with donor restrictions consist of foundation and corporate contributions and are available for the following purposes:

	Balance at June 30, 2020	Additions	Releases	Balance at June 30, 2021
Education division	\$ 329,342	\$ 500,000	\$ (286,918)	\$ 542,424
Economic, human services and workforce division	579,487	4,652,161	(2,572,339)	2,659,309
Health and human services division	-	230,000	(76,405)	153,595
Environment, energy and transportation division	167,274	50,000	(193,418)	23,856
Homeland security and public safety division	903,223	-	(550,812)	352,411
Covid-19	-	600,000	(535,623)	64,377
	\$ 1,979,326	\$ 6,032,161	\$ (4,215,515)	\$ 3,795,972

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	Balance at June 30, 2019	Additions	Releases	Balance at June 30, 2020
Education division	\$ 1,952,952	\$ 536,313	\$ (2,159,923)	\$ 329,342
Economic, human services and workforce division	2,208,126	1,665,101	(3,293,740)	579,487
Health and human services division	860,236	-	(860,236)	-
Environment, energy and transportation division	363,622	130,000	(326,348)	167,274
Homeland security and public safety division	554,016	1,673,700	(1,324,493)	903,223
	\$ 5,938,952	\$ 4,005,114	\$ (7,964,740)	\$ 1,979,326

9. Benefit Plan

NGA participates in a defined contribution 401(a) plan (the Plan) which covers substantially all of its employees. Participants may elect to have up to the IRS limit of their compensation contributed on a pre-tax basis to a 457(b) plan. NGA makes a matching contribution to the Plan of amounts contributed by participants up to 5% of each participant's compensation, plus a discretionary contribution to the Plan of 5% of each participant's compensation. Pension costs were approximately \$735,000 and \$845,000 for the years ended June 30, 2021 and 2020, respectively.

10. Commitments and Contingencies

NGA Center participates in a number of federally assisted grant programs and contracts, which are subject to financial and compliance audits by the federal government or its representative. As such, a contingent liability exists for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

NGA has contracted hotel space for various future meetings. In the event NGA cancels or reduces its contracted room nights, NGA may be liable for cancellation fees and liquidated damages for rooms that the hotel is not able to resell.

11. Fair Value Measurements

The Organization follows the FASB ASC 820, *Fair Value Measurements*. ASC 820 establishes a common definition for fair value to be applied under U.S. GAAP requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a 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). Inputs are broadly defined as assumptions market participants would use in pricing as asset or liability.

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Notes to Consolidated Financial Statements

The three levels of the fair value hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, NGA and NGA Center perform a detailed analysis of the assets and liabilities that are subject to fair value measurement. At each reporting period, any assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following tables represent the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2021:

	As of June 30, 2021			Total
	Level 1	Level 2	Level 3	
Fixed income:				
Corporate bonds (a)	\$	-	\$ 3,672,999	-\$ 3,672,999
Government securities		-	1,515,447	-
			<u>5,188,446</u>	<u>5,188,446</u>
Corporate equity securities	17,253,497	-	-	17,253,497
Mutual funds	22,394,329	-	-	22,394,329
Fixed income exchange traded funds	494,626	-	-	494,626
Total assets at fair value	\$ 40,142,452	\$ 5,188,446	\$ -	\$ 45,330,898

	As of June 30, 2020			Total
	Level 1	Level 2	Level 3	
Fixed income:				
Corporate bonds (a)	\$	-	\$ 3,707,836	-\$ 3,707,836
Government securities		-	4,660,394	-
			<u>8,368,230</u>	<u>8,368,230</u>
Corporate equity securities	13,147,834	-	-	13,147,834
Mutual funds	14,807,531	-	-	14,807,531
Equity exchange traded funds	1,445,753	-	-	1,445,753
Fixed income exchange traded funds	493,723	-	-	493,723
Total assets at fair value	\$ 29,894,841	\$ 8,368,230	\$ -	\$ 38,263,071

(a) Based on the analysis of the nature and risks of these investments, NGA and NGA Center have determined that presenting them as a single class is appropriate.

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Corporate equity securities, mutual funds, and exchange traded funds are considered Level 1 securities because they are actively traded and fair market values for identical assets are readily obtainable.

Corporate bonds and government securities are considered Level 2 securities because they are not actively traded and fair market values for similar assets are readily obtainable.

The tables above include investments reported at fair value as of June 30, 2021 and 2020. Cash and accrued interest of \$5,049,147 and \$1,815,803 at June 30, 2021 and 2020, respectively, are excluded as they are not reported at fair value.

12. Related Party Transactions

In previous years, the Organization participated, with certain other public interest organizations, in a common pool of cash and investments, recorded at fair value, to improve investment diversification and earnings. In 2019, the Organization terminated the pooled assets and returned the cash and investments to the other public interest organizations. The Organization continued to provide administrative and supporting services to the other public interest organizations including paying their payroll and related expenses until June 30, 2020. As a result, the Organization is owed by the other public interest organizations in the amount of \$0 and \$817,803 as of June 30, 2021 and 2020, respectively.

13. Risk and Uncertainties

On March 11, 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic. The COVID-19 pandemic is having a substantial negative impact on the global economy and has resulted in significant volatility in the financial markets. Management is continually monitoring the impact of the pandemic on its operations and on the value of its investment portfolio. As of the date of this report the Organization has not suffered material negative impact on its operations and investments. While there has been progress in developing and distributing a COVID-19 vaccine, there continues to be uncertainty around the breadth and duration of the business disruption, as well as its impact on the global economy. Nonetheless, the Organization will continue to monitor the financial and business implications of the pandemic on its operations and will implement new strategies as appropriate. See Note 3 for information regarding the Organization’s liquidity and availability of resources.

On March 27, 2020, the former President of the United States signed into law the “Coronavirus Aid, Relief, and Economic Security (CARES) Act.” The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Organization is eligible for the SBA Paycheck Protection Program and other benefits under the CARES Act. However, the Organization has decided not to pursue these benefits. The Organization continues to examine the impact that the CARES Act and any future aid packages may have on its operations.

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On December 27, 2020, the Consolidated Appropriations Act, 2021 (the 2020 Act) was passed, which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. On March 11, 2021, the American Rescue Plan Act of 2021 (the 2021 Act) was signed into law which includes \$1.9 trillion in stimulus relief as a result of the COVID-19 pandemic. To date, management has not elected to take advantage of any provisions of the Acts.

Management continues to monitor the impact of COVID-19 pandemic and the CARES Act, the 2020 Act, and the 2021 Act could have on the Organization's operations and financial position in fiscal year 2022.

14. Subsequent Events

The Organization has evaluated subsequent events through January 26, 2022, which is the date the consolidated financial statements were available to be issued. There were no events noted that required adjustments to, or disclosure in, these consolidated financial statements.

Supplementary Information

**National Governors Association and
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Consolidating Balance Sheet

<i>June 30, 2021</i>	National Governors Association	National Governors Association Center for Best Practices	Consolidated Total
Assets			
Cash and cash equivalents	\$ 11,361,311	\$ 977,235	\$ 12,338,546
Investments	24,981,355	25,398,690	50,380,045
Accounts receivable, net	-	2,375,915	2,375,915
Due from (to) NGAC/NGA	(7,970,369)	7,970,369	-
Prepaid expenses and other assets	271,520	13,974	285,494
Property and equipment, net	3,819,825	-	3,819,825
Total assets	\$ 32,463,642	\$ 36,736,183	\$ 69,199,825
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 1,942,158	\$ 213,320	\$ 2,155,478
Deferred revenue and other liabilities	2,516,201	1,057,537	3,573,738
Deferred lease benefit	3,843,368	-	3,843,368
Total liabilities	8,301,727	1,270,857	9,572,584
Commitments and contingencies			
Net assets			
Without donor restrictions			
Operating funds NGA and NGA Center	3,791,094	6,155,385	9,946,479
NGA Center endowment	-	25,513,969	25,513,969
NGA endowment	20,370,821	-	20,370,821
Total without donor restrictions	24,161,915	31,669,354	55,831,269
With donor restrictions	-	3,795,972	3,795,972
Total net assets	24,161,915	35,465,326	59,627,241
Total liabilities and net assets	\$ 32,463,642	\$ 36,736,183	\$ 69,199,825

National Governors Association and National Governors Association Center for Best Practices

Consolidating Schedule of Activities

<i>Year ended June 30, 2021</i>	National Governors Association	National Governors Association Center for Best Practices	Consolidated Total
Support and revenue:			
Foundation grants and contracts	\$ -	\$ 6,256,604	\$ 6,256,604
Federal grants and contracts	-	3,916,942	3,916,942
Other contributions	20,000	1,884,165	1,904,165
Member dues	4,316,273	-	4,316,273
Investment return, net	4,548,497	5,752,673	10,301,170
Corporate partnership	3,437,335	1,935,581	5,372,916
Registration fees	-	6,308	6,308
Other income	1,825	329	2,154
Total support and revenue	12,323,930	19,752,602	32,076,532
Expenses:			
Governmental Services			
Government relations:			
Salaries and employee benefits	1,311,125	-	1,311,125
Other direct costs	1,166,574	-	1,166,574
Total	2,477,699	-	2,477,699
Program Services			
Education division:			
Salaries and employee benefits	2,490	455,797	458,287
Other direct costs	21	433,763	433,784
Total	2,511	889,560	892,071
Economic development and commerce division			
Salaries and employee benefits	29,610	1,298,024	1,327,634
Other direct costs	18,407	3,612,182	3,630,589
Total	48,017	4,910,206	4,958,223
Health and human services division:			
Salaries and employee benefits	10,359	1,040,482	1,050,841
Other direct costs	-	2,022,726	2,022,726
Total	10,359	3,063,208	3,073,567
Environment, energy and transportation division:			
Salaries and employee benefits	12,109	962,181	974,290
Other direct costs	1,642	937,435	939,077
Total	13,751	1,899,616	1,913,367
Homeland security and public safety division:			
Salaries and employee benefits	21,132	1,214,485	1,235,617
Other direct costs	1,843	1,526,700	1,528,543
Total	22,975	2,741,185	2,764,160

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Consolidating Schedule of Activities

<i>Year ended June 30, 2021</i>	National Governors Association	National Governors Association Center for Best Practices	Consolidated Total
Supporting Services			
Management consulting and training:			
Salaries and employee benefits	-	376,132	376,132
Other direct costs	-	293,841	293,841
Total	-	669,973	669,973
Meetings:			
Salaries and employee benefits	99,023	369,434	468,457
Other direct costs	178,298	326,380	504,678
Total	277,321	695,814	973,135
Communications:			
Salaries and employee benefits	1,045,608	-	1,045,608
Other direct costs	796,790	-	796,790
Total	1,842,398	-	1,842,398
Management and administration:			
Salaries and employee benefits	3,184,011	494,252	3,678,263
Other direct costs	(3,322,549)	(134,799)	(3,457,348)
Total	(138,538)	359,453	220,915
Development:			
Salaries and employee benefits	263,279	131,432	394,711
Other direct costs	272,046	13,080	285,126
Total	535,325	144,512	679,837
Total expenses	\$ 5,091,818	\$ 15,373,527	\$ 20,465,345
Change in net assets	\$ 7,232,112	\$ 4,379,075	\$ 11,611,187
Net assets, at beginning of year	\$ 16,929,803	\$ 31,086,251	\$ 48,016,054
Net assets, at end of year	\$ 24,161,915	\$ 35,465,326	\$ 59,627,241

**National Governors Association and
National Governors Association Center for Best Practices**

Consolidating Schedule of Changes in Net Assets

	National Governors Association				National Governors Association Center for Best Practices				Consolidated Total
	Operating Fund	NGA Endowment	With Donor Restrictions	Total	Operating Fund	Center Endowment	With Donor Restrictions	Total	
Balance, June 30, 2019	\$ 5,179,973	\$ 14,763,569	\$ -	\$ 19,943,542	\$ 2,778,936	\$ 18,400,902	\$ 5,938,952	\$ 27,118,790	\$ 47,062,332
Change in net assets	(4,083,647)	1,069,908	-	(3,013,739)	6,566,693	1,360,394	(3,959,626)	3,967,461	953,722
Balance, June 30, 2020	1,096,326	15,833,477	-	16,929,803	9,345,629	19,761,296	1,979,326	31,086,251	48,016,054
Change in net assets	2,694,768	4,537,344	-	7,232,112	(3,190,244)	5,752,673	1,816,646	4,379,075	11,611,187
Balance, June 30, 2021	\$ 3,791,094	\$20,370,821	\$ -	\$24,161,915	\$ 6,155,385	\$25,513,969	\$ 3,795,972	\$35,465,326	\$59,627,241