



National Governors Association and National Governors Association Center for Best Practices

Consolidated Financial Statements
and Supplemental Information
Years Ended June 30, 2020 and 2019

**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.

We have audited the accompanying 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 balance sheets as of June 30, 2020 and 2019, 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

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

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



Opinion

In our opinion, the consolidated financial statements referred to above 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, 2020 and 2019, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental 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

December 17, 2020

Consolidated Financial Statements

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

Consolidated Balance Sheets

<i>June 30,</i>	2020	2019
Assets		
Cash and cash equivalents	\$ 9,427,850	\$ 7,885,966
Investments	40,078,874	37,598,636
Accounts receivable, net	2,388,073	3,607,619
Due from other public interest organizations	817,803	2,119,252
Prepaid expense and other assets	290,529	138,645
Property and equipment, net	4,156,044	152,682
Total assets	\$ 57,159,173	\$ 51,502,800
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 2,692,181	\$ 3,174,007
Deferred revenue and other liabilities	2,540,860	1,166,699
Deferred lease benefit	3,910,078	99,762
Total liabilities	9,143,119	4,440,468
Commitments and contingencies		
Net assets		
Without donor restrictions:		
Operating funds NGA and NGA Center	10,441,955	7,958,909
NGA Center endowment	19,761,296	18,400,902
NGA endowment	15,833,477	14,763,569
Total without donor restrictions	46,036,728	41,123,380
With donor restrictions	1,979,326	5,938,952
Total net assets	48,016,054	47,062,332
Total liabilities and net assets	\$ 57,159,173	\$ 51,502,800

See notes to consolidated financial statements.

National Governors Association and National Governors Association Center for Best Practices

Consolidated Statement of Activities

<i>Year ended June 30, 2020</i>	Without Donor Restrictions			Total	With Donor Restrictions	Total
	NGA and NGA Center Operating	NGA Center Endowment	NGA Endowment			
Support and revenue						
Foundation grants and contracts	\$ 8,593,729	\$ -	\$ -	\$ 8,593,729	\$ 4,005,114	\$ 12,598,843
Federal grants and contracts	4,704,041	-	-	4,704,041	-	4,704,041
Member 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 fellows and other contributions	7,319,681	-	-	7,319,681	-	7,319,681
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	1,097,958	-	-	1,097,958	-	1,097,958
Education/early childhood and workforce committee	144,207	-	-	144,207	-	144,207
Economic development and commerce committee	419,757	-	-	419,757	-	419,757
Health and human services committee	109,990	-	-	109,990	-	109,990
Natural resources committee	233,379	-	-	233,379	-	233,379
Homeland security and public safety committee	272,392	-	-	272,392	-	272,392
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
Total supporting services	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 Activities

Year ended June 30, 2019	Without Donor Restrictions			Total	With Donor Restrictions	Total
	NGA and NGA Center Operating	NGA Center Endowment	NGA Endowment			
Support and revenue						
Foundation grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ 6,966,564	\$ 6,966,564
Federal grants and contracts	6,291,177	-	-	6,291,177	-	6,291,177
Member dues	3,765,003	-	-	3,765,003	-	3,765,003
Investment return, net	234,325	1,163,200	927,225	2,324,750	-	2,324,750
Corporate fellows and other contributions	7,331,520	-	-	7,331,520	-	7,331,520
Registration fees	652,322	-	-	652,322	-	652,322
Employment/vocational training fees	181,155	-	-	181,155	-	181,155
Other income	7,232,437	-	-	7,232,437	-	7,232,437
Net assets released from restrictions	6,862,088	-	-	6,862,088	(6,862,088)	-
Total support and revenue	32,550,027	1,163,200	927,225	34,640,452	104,476	34,744,928
Expenses:						
Governmental Services						
Government relations	1,391,275	-	-	1,391,275	-	1,391,275
Education/early childhood and workforce committee	226,909	-	-	226,909	-	226,909
Economic development and commerce committee	174,201	-	-	174,201	-	174,201
Health and human services committee	1,691	-	-	1,691	-	1,691
Natural resources committee	252,119	-	-	252,119	-	252,119
Homeland security and public safety committee	226,021	-	-	226,021	-	226,021
Program Services						
Education division	2,654,244	-	-	2,654,244	-	2,654,244
Economic development and commerce division	5,826,524	-	-	5,826,524	-	5,826,524
Health and human services division	4,668,734	-	-	4,668,734	-	4,668,734
Environment, energy and transportation division	2,691,194	-	-	2,691,194	-	2,691,194
Homeland security and public safety division	3,665,627	-	-	3,665,627	-	3,665,627
Total governmental and program services	21,778,539	-	-	21,778,539	-	21,778,539
Supporting Services						
Chair's initiative	456,242	-	-	456,242	-	456,242
Management consulting and training	2,071,133	-	-	2,071,133	-	2,071,133
Meetings	2,540,878	-	-	2,540,878	-	2,540,878
Communications	1,736,249	-	-	1,736,249	-	1,736,249
International initiatives	767,325	-	-	767,325	-	767,325
Management and administration	2,039,664	-	-	2,039,664	-	2,039,664
Development	1,810,123	-	-	1,810,123	-	1,810,123
Total supporting services	11,421,614	-	-	11,421,614	-	11,421,614
Total expenses	33,200,153	-	-	33,200,153	-	33,200,153
Change in net assets	(650,126)	1,163,200	927,225	1,440,299	104,476	1,544,775
Net assets, at beginning of year	8,609,035	17,237,702	13,836,344	39,683,081	5,834,476	45,517,557
Net assets, at end of year	\$ 7,958,909	\$ 18,400,902	\$ 14,763,569	\$ 41,123,380	\$ 5,938,952	\$ 47,062,332

See notes to consolidated financial statements.

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

Consolidated Statement of Functional Expenses

Year ended June 30, 2020	Governmental Services						Program Services						Supporting Services									
	Government Relations	Education/Early Childhood and Workforce Committee	Economic Development and Commerce Committee	Health and Human Services Committee	Natural Resources Committee	Homeland Security and Public Safety Committee	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	Total Supporting Services	Total Expenses
Personnel	\$ 565,953	\$ 90,129	\$ 260,339	\$ 68,744	\$ 144,811	\$ 169,373	\$ 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	41,192	-	1,945	-	1,667	58	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	4,841	-	1,212	-	14	1,337	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	27,302	-	57	-	-	-	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	338,127	54,078	156,204	41,246	86,887	101,624	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	\$ 1,097,958	\$ 144,207	\$ 419,757	\$ 109,990	\$ 233,379	\$ 272,392	\$ 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 Statement of Functional Expenses

Year ended June 30, 2019	Governmental Services						Program Services						Supporting Services						Total Expenses			
	Government Relations	Education/Early Childhood and Workforce Committee	Economic Development and Commerce Committee	Health and Human Services Committee	Natural Resources Committee	Homeland Security and Public Safety Committee	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	Total Supporting Services
Personnel	\$ 675,216	\$ 138,874	\$ 104,786	\$ -	\$ 151,562	\$ 138,977	\$ 1,209,415	\$ 1,053,740	\$ 1,735,409	\$ 1,871,437	\$ 1,104,431	\$ 1,470,507	\$ 7,235,524	\$ 181,695	\$ 800,410	\$ 510,809	\$ 640,860	\$ 173,406	\$ 3,650,865	\$ 577,897	\$ 6,535,942	\$ 14,980,881
General office	14,689	152	2,500	-	2,500	198	20,039	12,027	20,385	8,447	16,940	17,584	75,383	2,291	51,528	3,257	43,225	1,846	248,146	22,063	372,356	467,778
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,496,094	-	1,496,094	1,496,094
Equipment	-	-	-	-	-	-	-	5,110	-	-	-	-	5,110	-	-	2,663	36,630	-	199,577	-	238,870	243,980
Printing	-	-	-	-	-	-	-	2,109	21,775	13,821	25,234	11,109	74,048	-	26,036	150	10,293	713	81,707	4,431	123,330	197,378
Telecommunications	62,092	-	-	-	-	-	62,092	23,507	26,996	15,648	6,448	13,100	85,699	2,500	47,900	24,250	174,335	14,150	436,341	33,413	732,889	880,680
Contractual services	160,841	-	-	-	-	-	160,841	266,236	1,373,143	338,479	97,929	247,324	2,323,111	69,661	23,500	131,817	311,729	87,224	789,291	571,768	1,984,990	4,468,942
Professional services	10,000	-	-	-	-	-	10,000	4,489	1,585	1,077	6,270	20,263	-	525	811	2,351	248	977,535	522	981,992	1,012,255	
Travel	23,586	2,040	1,645	1,691	4,841	1,315	35,118	296,881	767,914	656,867	393,537	592,431	2,707,630	73,518	281,382	62,042	47,126	100,928	586,501	41,632	1,193,129	3,935,877
Meetings	28,219	477	858	-	51	102	29,707	219,444	636,308	388,013	240,261	228,998	1,713,024	14,889	348,912	1,442,827	95,608	307,101	234,889	103,694	2,547,920	4,290,651
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	186,396	-	186,396	186,396
Loss on write off of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	862,077	-	862,077	862,077
Miscellaneous	-	-	-	-	-	-	-	-	4,080	-	95	-	4,175	-	714	33,497	-	-	87,358	51,420	172,989	177,164
Indirect costs	416,632	85,366	64,412	-	93,165	85,429	745,004	770,701	1,238,929	1,374,945	800,049	1,077,732	5,262,356	111,688	490,226	328,755	374,092	81,709	(7,797,113)	403,283	(6,007,360)	-
Total expenses	\$ 1,391,275	\$ 226,909	\$ 174,201	\$ 1,691	\$ 252,119	\$ 226,021	\$ 2,272,216	\$ 2,654,244	\$ 5,826,524	\$ 4,668,734	\$ 2,691,194	\$ 3,665,627	\$ 19,506,323	\$ 456,242	\$ 2,071,133	\$ 2,540,878	\$ 1,736,249	\$ 767,325	\$ 2,039,664	\$ 1,810,123	\$ 11,421,614	\$ 33,200,153

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>	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 953,722	\$ 1,544,775
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(1,908,477)	(1,716,578)
Depreciation and amortization expense	169,490	186,396
Loss on write off of property and equipment	-	862,077
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,219,546	7,030,575
Due from other public interest organizations	1,301,449	(2,119,252)
Prepaid expense and other assets	(151,884)	155,733
Increase (decrease) in:		
Accounts payable and accrued expenses	(481,826)	969,056
Deferred revenue and other liabilities	1,374,161	744,738
Deferred lease benefit	(122,709)	(119,714)
Net cash provided by operating activities	2,353,472	7,537,806
Cash flows from investing activities:		
Purchases of investments	(21,243,059)	(12,191,397)
Proceeds from sales and maturities of investments	20,671,298	10,100,384
Purchases of property and equipment	(239,827)	(45,742)
Net cash used in investing activities	(811,588)	(2,136,755)
Increase in cash and cash equivalents	1,541,884	5,401,051
Cash and cash equivalents, beginning of year	7,885,966	2,484,915
Cash and cash equivalents, end of year	\$ 9,427,850	\$ 7,885,966

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 receivables.

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, the 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 and \$200,000 for the years ended June 30, 2020 and 2019, 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 \$1,000 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 cost to sell.

Deferred Lease

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

Unconditional foundation grants and contributions received are recorded as either with or without donor restrictions support, depending on the existence and/or nature of any donor restrictions, when 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 are recorded when the conditions have been met.

NGA Center receives grants and contracts from various federal agencies for various purposes. Grant and contract award funds not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant.

Member dues revenue is recognized in the fiscal year to which the dues relate. Member dues payments received in advance of the fiscal year to which they relate are recorded as deferred revenue.

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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Notes to Consolidated Financial Statements

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, 2020 and 2019, 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.

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 programs based on their respective percentages of annual salaries and benefits.

New Accounting Pronouncement Adopted

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The ASU also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018 and is effective for transactions in which the entity serves as a resource provider for annual periods after December 15, 2019. The Organization adopted this update for contributions in which the entity serves as the resource recipient and provider effective July 1, 2019 under the modified prospective basis. The adoption of this update did not materially impact contribution revenue in the consolidated financial statements.

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Notes to Consolidated Financial Statements

New Accounting Pronouncements to be Adopted

In May 2014, the FASB issued 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 new standard will be effective for nonpublic entities for annual reporting periods beginning after December 15, 2018. In May 2020, the FASB approved a deferral of *ASC 606 Revenue from Contracts with Customers*, for all privately held companies that have not yet issued financial statements as of the date of the final ASU is issued. As a result, the Organization elected to defer the adoption of the revenue standard to fiscal year 2021. Management continues to evaluate the potential impact of ASU 2014-09 on the Organization's consolidated financial statements.

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 August 2018, the FASB issued ASU 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, *Fair Value Measurement*. The ASU is effective for the Organization's consolidated financial statements for fiscal year 2021. The Organization is currently evaluating the effect of this ASU on its consolidated financial statements.

COVID-19 and CARES Act

Beginning in late calendar year 2019 and continuing through June 30, 2020, and beyond, the outbreak of the novel coronavirus disease, or COVID-19, has resulted in the declaration of a global pandemic and has adversely affected economic activity across virtually all sections and industries on a local, national, and global scale. The impact of COVID-19 on the economy and the Organization continues to be a fluid situation.

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In response to the COVID-19 pandemic, many state, local and foreign governments have put in place, and others in the future may put in place, quarantines, executive orders, shelter-in place orders, and similar government orders and restrictions in order to control the spread of the disease. Such orders or restrictions, or the perception that such order or restrictions could occur, have resulted in business closures, work stoppages, slowdowns and delays, work-from-home policies, and travel restrictions, among other effects that could negatively impact productivity and disrupt the Organization's operations.

The extent of the impact of the COVID-19 outbreak on the operational and financial performance of the Organization will depend on certain developments, including the duration and spread of the outbreak. Prolonged travel and social gathering restrictions could negatively impact the fiscal outlook for the Organization. In addition, the Organization depends on funds from contributions and grants which may decrease or not be available. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of COVID-19. Nevertheless, COVID-19 presents potential material uncertainty and risk with respect to the Organization, its performance, and its financial results.

Through June 30, 2020, the Organization has not seen a significant adverse impact to the financial position, change in net assets, and cash flows and liquidity as a result of COVID-19. The values of the Organization's investments have and will fluctuate in response to changing market conditions and impact on the Organization's liquidity. The ultimate impact of COVID-19 on the business is not estimable at this time and will be largely dependent upon a number of factors outside of Organization's control including the extent and duration of the outbreak as well as any mitigating actions which may be undertaken by global governments and the general public.

On March 27, 2020, President Trump 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 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. The Organization did not opt to adopt any provisions under the CARES Act at this date.

Management continues to monitor the impact the COVID-19 pandemic and CARES Act could potentially have on its operations and financial position in fiscal year 2021.

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Notes to Consolidated Financial Statements

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>	2020	2019
Financial assets, at year-end:		
Cash and cash equivalent	\$ 9,427,850	\$ 7,885,966
Investments	40,078,874	37,598,636
Accounts receivables, net	2,388,073	3,607,619
Total financial assets available within one year	51,894,797	49,092,221
Less: Amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	1,979,326	5,938,952
NGA Center endowment	19,761,296	18,400,902
NGA endowment	15,833,477	14,763,569
Financial assets available to meet cash needs for general expenditures within one year	\$ 14,320,698	\$ 9,988,798

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

4. Investments

At June 30, 2020 and 2019, investments consist of the following:

	2020	2019
Corporate equity securities	\$ 13,147,834	\$ 11,548,213
Exchange traded funds	1,939,476	8,886,358
Mutual funds	14,807,531	6,843,983
Corporate debt securities	3,707,836	3,935,405
Government debt securities	4,660,394	5,846,208
Cash	1,815,803	538,469
	\$ 40,078,874	\$ 37,598,636

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Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019, investment return, net consists of the following:

	2020	2019
Realized and unrealized gain, net	\$ 1,908,477	\$ 1,716,578
Interest and dividends	753,881	764,825
Management fees	(182,120)	(156,653)
	\$ 2,480,238	\$ 2,324,750

5. Accounts Receivable

At June 30, 2020 and 2019, accounts receivable consist of the following:

	2020	2019
Grants and contracts	\$ 161,199	\$ 1,673,857
Tenant improvement allowance	-	64,183
Unbilled and other	2,226,874	2,069,579
	2,388,073	3,807,619
Allowance for doubtful accounts	-	(200,000)
	\$ 2,388,073	\$ 3,607,619

6. Property and Equipment

At June 30, 2020 and 2019, property and equipment consists of the following:

	2020	2019
Computer equipment and software	\$ 1,762,477	\$ 1,520,299
Leasehold improvements	5,150,144	1,217,119
Furniture and equipment	686,541	688,892
	7,599,162	3,426,310
Accumulated depreciation and amortization	(3,443,118)	(3,273,628)
Property and equipment, net	\$ 4,156,044	\$ 152,682

Depreciation and amortization expense charged to operations was \$169,490 and \$186,396 for the years ended June 30, 2020 and 2019, respectively.

National Governors Association and National Governors Association Center for Best Practices

Notes to Consolidated Financial Statements

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, 2020 are as follows:

Years ending June 30,

2021	\$	1,541,520
2022		1,580,058
2023		1,619,560
2024		1,660,049
2025		1,701,550
Thereafter		14,189,287
Total minimum lease payments		\$ 22,292,024

Rental expense was approximately \$1,380,000 and \$1,429,000 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, no earnings from the endowment were spent. For the years ended June 30, 2020 and 2019, earnings from the NGA Center endowment totaled \$1,360,394 and \$1,163,200, respectively. For the years ended June 30, 2020 and 2019, earnings from the NGA endowment totaled \$1,069,908 and \$927,225, respectively.

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Notes to Consolidated Financial Statements

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

	2020	2019
NGA Center endowment	\$ 19,761,296	\$ 18,400,902
NGA endowment	15,833,477	14,763,569
	\$ 35,594,773	\$ 33,164,471

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

	2020	2019
NGA Center Endowment:		
Investments	\$ 19,761,296	\$ 18,400,902
NGA Endowment:		
Investments	15,833,477	14,763,569
Total endowments	\$ 35,594,773	\$ 33,164,471

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, 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

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	Balance at June 30, 2018	Additions	Releases	Balance at June 30, 2019
Education division	\$ 1,258,838	\$ 1,834,362	\$ (1,140,248)	\$ 1,952,952
Economic, human services and workforce division	2,552,973	3,080,000	(3,424,847)	2,208,126
Health and human services division	1,042,960	1,394,142	(1,576,866)	860,236
Environment, energy and transportation division	412,462	245,000	(293,840)	363,622
Homeland security and public safety division	557,243	413,060	(416,287)	554,016
Corporate Fellows	10,000	-	(10,000)	-
	\$ 5,834,476	\$ 6,966,564	\$ (6,862,088)	\$ 5,938,952

9. Benefit Plan

NGA participates in a defined contribution 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 a 401(a) plan of amounts contributed by participants up to 5% of each participant's compensation, plus a discretionary contribution to the 401(a) plan of 5% of each participant's compensation. Pension costs were approximately \$845,000 and \$741,000 for the years ended June 30, 2020 and 2019, 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 Accounting Standards Codification ("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. The three levels of the fair value hierarchy are described below:

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Notes to Consolidated Financial Statements

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, 2020:

	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	-
		8,368,230		8,368,230
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

	As of June 30, 2019			Total
	Level 1	Level 2	Level 3	
Fixed income:				
Corporate bonds (a)	\$	- \$ 3,935,405	\$	- \$ 3,935,405
Government securities		-	5,846,208	-
		9,781,613		9,781,613
Corporate equity securities	11,548,213	-	-	11,548,213
Mutual funds	6,843,983	-	-	6,843,983
Equity exchange traded funds	8,404,096	-	-	8,404,096
Fixed income exchange traded funds	482,262	-	-	482,262
Total assets at fair value	\$ 27,278,554	\$ 9,781,613	\$	- \$ 37,060,167

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Notes to Consolidated Financial Statements

(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.

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 includes investments reported at fair value as of June 30, 2020 and 2019. Cash and accrued interest of \$1,815,803 and \$538,469 at June 30, 2020 and 2019, 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 continues to provide administrative and supporting services to the other public interest organizations including paying their payroll and related expenses. As a result, the Organization is owed by the other public interest organizations in the amount of \$817,803 and \$2,119,252 as of June 30, 2020 and 2019, respectively.

13. Subsequent Events

The Organization has evaluated subsequent events through December 17, 2020, 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.

Supplemental Information

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

Consolidating Balance Sheet

<i>June 30, 2020</i>	National Governors Association	National Governors Association Center for Best Practices	Consolidated Total
Assets			
Cash and cash equivalents	\$ 9,427,850	\$ -	\$ 9,427,850
Investments	20,317,577	19,761,297	40,078,874
Accounts receivable, net	-	2,388,073	2,388,073
Due from (to) NGAC/NGA	(9,826,563)	9,826,563	-
Due from other public interest organizations	817,803	-	817,803
Prepaid expense and other assets	284,054	6,475	290,529
Property and equipment, net	4,156,044	-	4,156,044
Total assets	\$ 25,176,765	\$ 31,982,408	\$ 57,159,173
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 2,503,524	\$ 188,657	\$ 2,692,181
Deferred revenue and other liabilities	1,833,360	707,500	2,540,860
Deferred lease benefit	3,910,078	-	3,910,078
Total liabilities	8,246,962	896,157	9,143,119
Commitments and contingencies			
Net assets			
Without donor restrictions			
Operating funds NGA and NGA Center	1,096,326	9,345,629	10,441,955
NGA Center endowment	-	19,761,296	19,761,296
NGA endowment	15,833,477	-	15,833,477
Total without donor restrictions	16,929,803	29,106,925	46,036,728
With donor restrictions	-	1,979,326	1,979,326
Total net assets	16,929,803	31,086,251	48,016,054
Total liabilities and net assets	\$ 25,176,765	\$ 31,982,408	\$ 57,159,173

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

Consolidating Schedule of Activities

<i>Year ended June 30, 2020</i>	National Governors Association	National Governors Association Center for Best Practices	Consolidated Total
Support and revenue:			
Foundation grants and contracts	\$ -	\$ 12,598,843	\$ 12,598,843
Federal grants and contracts	-	4,704,041	4,704,041
Member dues	4,616,797	-	4,616,797
Investment return, net	1,049,052	1,431,186	2,480,238
Corporate fellows and other contributions	1,354,166	5,965,515	7,319,681
Registration fees	270,625	241,095	511,720
Employment/vocational training fees	13,591	-	13,591
Other income	18,350	420	18,770
Total support and revenue	7,322,581	24,941,100	32,263,681
Expenses:			
Governmental Services			
Government relations:			
Salaries and employee benefits	565,953	-	565,953
Other direct costs	531,302	703	532,005
Total	1,097,255	703	1,097,958
Education/early childhood and workforce committee:			
Salaries and employee benefits	90,129	-	90,129
Other direct costs	54,078	-	54,078
Total	144,207	-	144,207
Economic development and commerce committee:			
Salaries and employee benefits	260,339	-	260,339
Other direct costs	159,418	-	159,418
Total	419,757	-	419,757
Health and human services committee:			
Salaries and employee benefits	68,744	-	68,744
Other direct costs	41,246	-	41,246
Total	109,990	-	109,990
Natural resources committee:			
Salaries and employee benefits	144,811	-	144,811
Other direct costs	88,568	-	88,568
Total	233,379	-	233,379
Homeland security and public safety committee:			
Salaries and employee benefits	169,373	-	169,373
Other direct costs	103,019	-	103,019
Total	272,392	-	272,392
Program Services			
Education division:			
Salaries and employee benefits	77,560	1,108,318	1,185,878
Other direct costs	72,994	1,239,604	1,312,598
Total	150,554	2,347,922	2,498,476

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

Consolidating Schedule of Activities

<i>Year ended June 30, 2020</i>	National Governors Association	National Governors Association Center for Best Practices	Consolidated Total
Economic development and commerce division			
Salaries and employee benefits	242,380	1,801,594	2,043,974
Other direct costs	157,932	4,585,333	4,743,265
Total	400,312	6,386,927	6,787,239
Health and human services division:			
Salaries and employee benefits	164,503	1,912,102	2,076,605
Other direct costs	117,225	3,003,988	3,121,213
Total	281,728	4,916,090	5,197,818
Environment, energy and transportation division:			
Salaries and employee benefits	100,427	1,035,962	1,136,389
Other direct costs	63,082	1,331,945	1,395,027
Total	163,509	2,367,907	2,531,416
Homeland security and public safety division:			
Salaries and employee benefits	147,068	1,669,930	1,816,998
Other direct costs	92,607	2,094,972	2,187,579
Total	239,675	3,764,902	4,004,577
Supporting Services			
Chair's initiative:			
Salaries and employee benefits	61,451	201,849	263,300
Other direct costs	322,880	735,480	1,058,360
Total	384,331	937,329	1,321,660
Management consulting and training:			
Salaries and employee benefits	629,652	-	629,652
Other direct costs	710,665	685	711,350
Total	1,340,317	685	1,341,002
Meetings:			
Salaries and employee benefits	565,155	124,871	690,026
Other direct costs	1,495,789	44,757	1,540,546
Total	2,060,944	169,628	2,230,572
Communications:			
Salaries and employee benefits	777,358	-	777,358
Other direct costs	666,896	-	666,896
Total	1,444,254	-	1,444,254
International initiatives:			
Salaries and employee benefits	46,719	-	46,719
Other direct costs	99,538	-	99,538
Total	146,257	-	146,257
Management and administration:			
Salaries and employee benefits	3,782,212	667,233	4,449,445
Other direct costs	(3,428,908)	(597,394)	(4,026,302)
Total	353,304	69,839	423,143
Development:			
Salaries and employee benefits	637,730	224	637,954
Other direct costs	456,425	11,483	467,908
Total	1,094,155	11,707	1,105,862
Total expenses	10,336,320	20,973,639	31,309,959
Change in net assets	(3,013,739)	3,967,461	953,722
Net assets, at beginning of year	19,943,542	27,118,790	47,062,332
Net assets, at end of year	\$ 16,929,803	\$ 31,086,251	\$ 48,016,054

**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, 2018	\$ 2,937,299	\$ 13,836,344	\$ -	\$ 16,773,643	\$ 5,671,736	\$ 17,237,702	\$ 5,834,476	\$ 28,743,914	\$ 45,517,557
Change in net assets	2,242,674	927,225	-	3,169,899	(2,892,800)	1,163,200	104,476	(1,625,124)	1,544,775
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