Venture Philanthropy Partners, Inc.

Audited Financial Statements

Years Ended March 31, 2018 and 2017

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

Venture Philanthropy Partners, Inc.

Audited Financial Statements
Years Ended March 31, 2018 and 2017

Venture Philanthropy Partners, Inc.

Contents

Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report

Board of Trustees
Venture Philanthropy Partners, Inc.
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Venture Philanthropy Partners, Inc. (VPP), which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Venture Philanthropy Partners, Inc. as of March 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

November 6, 2018

Financial Statements

Venture Philanthropy Partners, Inc.

Statements of Financial Position

March 31,	2018	2017
Assets		
Current assets		
Cash and cash equivalents	$ 2,955,334	$ 3,528,487
Accrued interest receivable	5,323	3,240
Accounts receivable and prepaid expenses	67,434	244,043
Pledges receivable	1,116,769	2,735,725
Total current assets	4,144,860	6,511,495
Pledges receivable	1,060,474	1,579,519
Property and equipment, net	39,047	48,258
Investments	3,067,033	3,026,715
Total assets	$ 8,311,414	$ 11,165,987
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 158,990	$ 115,430
Deferred rent	41,074	33,371
Total current liabilities	200,064	148,801
Deferred rent	19,262	60,335
Total liabilities	$ 219,326	$ 209,136
Net assets		
Unrestricted	5,537,350	6,970,234
Temporarily restricted	2,554,738	3,986,617
Total net assets	8,092,088	10,956,851
Total liabilities and net assets	$ 8,311,414	$ 11,165,987

See accompanying notes to the financial statements.

Venture Philanthropy Partners, Inc.

Statements of Activities and Changes in Net Assets

Years Ended March 31,	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Contributions	$ 1,102,557	$ 756,564	$ 1,859,121	$ 1,767,358	$ 2,953,940	$ 4,721,298
Investment income	51,769	-	51,769	35,695	-	35,695
Net assets released from restrictions	2,188,443	(2,188,443)	-	3,437,214	(3,437,214)	-
Total revenue	3,342,769	(1,431,879)	1,910,890	5,240,267	(483,274)	4,756,993
Expenses						
Program services:						
Grant program expenses	1,707,343	-	1,707,343	3,361,409	-	3,361,409
Investment practice	1,541,922	-	1,541,922	1,482,285	-	1,482,285
Strategic communications, investor relations and field-building	919,358	-	919,358	797,387	-	797,387
Management and general	237,426	-	237,426	150,813	-	150,813
Fundraising	369,604	-	369,604	390,900	-	390,900
Total expenses	4,775,653	-	4,775,653	6,182,794	-	6,182,794
Changes in net assets	(1,432,884)	(1,431,879)	(2,864,763)	(942,527)	(483,274)	(1,425,801)
Net assets at the beginning of the year	6,970,234	3,986,617	10,956,851	7,912,761	4,469,891	12,382,652
Net assets at the end of the year	$ 5,537,350	$ 2,554,738	$ 8,092,088	$ 6,970,234	$ 3,986,617	$10,956,851

See accompanying notes to the financial statements.

Venture Philanthropy Partners, Inc.

Statements of Cash Flows

Years Ended March 31,	2018	2017
Cash flows from operating activities:		
Changes in net assets	$ (2,864,763)	$ (1,425,801)
Adjustments to reconcile changes in net assets to net cash net cash used in operating activities		
Depreciation and amortization	25,688	24,199
Change in reserve for uncollectible pledges and allowance for present value	(120,305)	(124,456)
Net realized and unrealized loss on investments	4,979	286
Deferred rent	(33,370)	(25,928)
Changes in operating assets and liabilities:		
Pledges receivable	2,258,306	812,662
Accrued interest receivable	(2,083)	(2,163)
Accounts receivable and prepaid expenses	176,609	2,233
Accounts payable and accrued expenses	43,560	(280,329)
Total adjustments	2,353,384	406,504
Net cash used in operating activities	(511,379)	(1,019,297)
Cash flows from investing activities:		
Purchases of investments	(45,297)	(3,026,160)
Proceeds from sale of investments	-	1,538,746
Purchases of certificates of deposit	-	(200,000)
Proceeds from certificates of deposits maturities	-	200,000
Purchases of property and equipment	(16,477)	(1,370)
Net cash used in investing activities	(61,774)	(1,488,784)
Net decrease in cash and cash equivalents	(573,153)	(2,508,081)
Cash and cash equivalents at the beginning of the year	3,528,487	6,036,568
Cash and cash equivalents at the end of the year	$ 2,955,334	$ 3,528,487
Supplemental disclosure of cash flow information:		
Donated securities	$ 248,146	$ 614,417

See accompanying notes to the financial statements.

1. Organization and Summary of Significant Accounting Policies

Venture Philanthropy Partners, Inc. (VPP) was incorporated on May 23, 2000 in the State of Delaware. VPP, a nonprofit philanthropic investment organization, provides investment capital and strategic assistance to build, strengthen, and scale high potential nonprofit organizations serving children and youth of low-income families in Greater Washington.

VPP invests significant dollars and augments those funds with strategic, non-financial resources to help strong nonprofit leaders grow proven programs to serve more low income children and youth. In addition, VPP joins with other organizations nationwide to inspire philanthropists, corporate and nonprofit leaders, and public policymakers to help increase the effectiveness and the flow of capital, talent, and other resources to high-performing nonprofit organizations meeting the core needs of children.

VPP was launched in June 2000 by Mario Morino, the founder of the Morino Institute and co-founder of Legent Corporation; Senator Mark Warner; and Raul Fernandez, founder of Proxicom. Together they brought together other technology and business leaders to invest approximately $31 million in VPP's first fund, to produce social, rather than financial, returns. VPP's first fund was committed to a dozen organizations serving low income youth and families in the community, with funds fully deployed by the end of 2009.

VPP raised over $47 million for its second fund from individuals, foundations, corporations and the federal government. VPP completed all investments from the second fund in the fiscal year ended March 31, 2018, including the Social Innovation Fund sponsored youthCONNECT program.

VPP continues to actively raise funds for its third portfolio, the Capital Kids Portfolio, which began in April 2014. To date, VPP has raised over $26 million and is actively investing in building the capacity of both individual organizations and cross-sector networks focused on improving opportunities for youth in the region.

The Internal Revenue Service (the IRS) has determined that VPP is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the IRC) and is therefore exempt from federal income taxation. In November 2006, VPP was approved by the IRS for a change in classification as a public charity from a supporting organization to the Community Foundation for the National Capital Region (Community Foundation) under Section 509(a)(3) to a publicly-supported organization under section 509(a)(1).

Program Costs

VPP's expenses are categorized in the following three segments in support of its mission:

Grant Program Expenses

VPP provides philanthropic investments to organizations (investment partners) for the purpose of helping high potential nonprofit organizations impact the lives of more children and youth. VPP disburses funds to investment partners to provide financial support to help leaders build and strengthen the organization behind their programs, often referred to as "organizational capacity." VPP supports this type of capacity with large-scale, multi-year funding.

VPP's youthCONNECT investments support specific programmatic elements of nonprofit organizations to provide education, social services and job training to low-income youth ages 14-24. youthCONNECT also supports the collaboration of this portfolio of organizations to demonstrate greater impact in the Greater Washington Region through collective action.

During the years ended March 31, 2018 and 2017, grant program expenses incurred for the following investment partners for the specific purposes as noted:

	2018	2017
Year Up		
Funding for youthCONNECT investment	$ 47,401	$ 111,215
KIPP DC		
Funding for youthCONNECT investment	28,454	126,771
Latin American Youth Center		
Funding for youthCONNECT investment	326,699	392,065
Higher Achievement		
Multi-year commitments to fund organizational capacity elements of strategic planning initiatives.	131,043	-
Education Forward DC/Relay Graduate School of Education		
Multi-year commitments to fund organizational capacity elements of strategic planning initiatives.	400,000	-
Prince George's County Public Schools Office of Career and College Readiness and Innovative Programs		
Planning and programmatic support for Ready for Work initiative.	219,000	-
Fair Chance		
Nonprofit capacity building in support for Ready for Work initiative.	130,398	-
Urban Alliance		
Multi-year commitments to fund organizational capacity elements of their strategic planning initiatives and youthCONNECT investment	171,478	669,464
College Summit		
Funding for youthCONNECT investment	32,075	128,642
Whitman Walker Health/Metro Teen AIDS		
Funding for youthCONNECT investment	11,719	124,629

	2018	2017
Apple Tree		
Multi-year commitments to fund organizational capacity elements of strategic planning initiatives	-	602,000
Hillside Work Scholarship Connection		
Multi-year commitments to fund organizational capacity elements of strategic planning initiatives	34,797	966,390
Teach for America D.C. Region		
Planning and programmatic support for Ready for Work initiative	174,279	240,233
	$ 1,707,343	$ 3,361,409

Investment Practice

An important element and distinction of the work of VPP is its approach to identifying, selecting and engaging its investment partners. The VPP team, consisting of individuals with experience in management development and building organizations, is responsible for sourcing candidates, evaluating prospective organizations for investment, and supporting them for the duration of the investment partnership.

VPP works directly with its investment partners to serve as a combination of strategic advisor, executive coach, change agent, funder, board member and consultant with the goal of helping great leaders build stronger, more effective organizations.

Strategic Communications, Investor Relations, and Field-building

A key element to the strategy of extending the impact of the work of VPP is to capture, codify, and share the lessons and experiences of VPP's philanthropic work with an extended community of philanthropists and practitioners. VPP devotes specific resources to formalizing and sharing its investment practice, approach, and processes.

VPP coalesces the individuals, families, foundations, and corporate supporters into a community of donors, committed to making their philanthropy and civic engagement more effective. VPP creates venues for engagement and exchange – to build a community of investors committed to advance their own philanthropy and shared interests.

VPP publishes reports and provides research for the benefit of those who are involved in the nonprofit sector as service providers and philanthropists. These reports survey the fields of venture philanthropy and high-engagement grant-making, address critical issues facing the nonprofit sector, and offer new research and resources to advance management practices in the sector.

The significant accounting policies followed by VPP are described below.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting year. Actual results may differ from estimates under different assumptions or conditions.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period, or are restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net asset classes. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as temporarily restricted net assets.

Contributions are recorded at fair value, which is net of estimated uncollectible amounts. VPP uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Contributions, including multi-year pledges, to be received after one year are recorded at the present value of the estimated future cash flows. Subsequent changes in this discount resulting from the passage of time are accounted for as contributions in subsequent years.

Donated Securities

Donated securities are recorded at their fair value at the date of the gift.

Grant Revenue

VPP receives grant funding from federal and state agencies. Revenue is recognized only to the extent of expenditures under the terms of the grant. Grant awards not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant. Excess expenses incurred are borne by VPP.

Other Revenue

Other revenue is recognized when earned.

Cash Equivalents

VPP considers all highly liquid instruments with original maturities of three months or less to be cash equivalents, excluding cash equivalents held temporarily for long-term investment purposes by investment custodians.

Certificates of Deposit

Certificates of deposit are carried at amortized cost plus accrued interest, which approximates fair value.

Pledges Receivable

Unconditional pledges are recognized as contribution revenue in the period committed and as an asset. A reserve for doubtful accounts is made for uncollectible contributions based on management's judgment after analysis of creditworthiness of the donors, past collection experience, and other relevant factors. Uncollectible pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flow. VPP uses a discounting model that is consistent with industry guidelines. The discount rate for the fiscal years ended March 31, 2018 and 2017 is the risk adjusted rate as required by fair value measurement standards. For 2008 and prior fiscal years, the discount rate was derived from the market value of the U.S. Treasury Bond risk free borrowing rate. As of March 31, 2018, the discount rates, which remain constant for the life of each pledge, range from 2.46% to 4.75% for total pledges outstanding.

Property and Equipment

VPP's policy is to capitalize property and equipment purchases in excess of $500. Property and equipment is stated at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the assets of three to seven years. Amortization of leasehold improvements is computed using the straight-line method over the lesser of the estimated useful lives of the underlying assets or the terms of the related lease.

Investments

VPP records investments at fair value. Interest and dividend income is accounted for on the accrual basis. Unrealized gains and losses are included in the changes in unrestricted net assets in the accompanying statements of activities and changes in net assets.

Net Assets

VPP groups net assets into the following two classes:

Unrestricted Net Assets - Unrestricted net assets generally result from net revenues derived from unrestricted contributions, investment income and other net inflows of assets whose use by VPP is not limited by donor-imposed restrictions.

Temporarily Restricted Net Assets - Temporarily restricted net assets generally result from net contributions and other inflows of assets whose use by VPP is limited by donor-imposed stipulations that expire by passage of time or through fulfillment of the stipulations.

Functional Allocation of Expenses

The costs of providing VPP's programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the activities benefited.

Income Taxes

VPP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the IRC) and from District of Columbia franchise tax under applicable tax regulations. VPP is not a private Organization pursuant to section 509(a)(1) of the IRC.

In accordance with authoritative guidance issued by the Financial Accounting Standards Board (the FASB), VPP recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. To the extent that the final tax outcome of any such matters is different than any amounts recorded, such differences would impact income tax expense in the period in which such determination is made. Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax expense. With few exceptions, VPP is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ended March 31, 2014 and prior. Management has evaluated VPP's tax positions and has concluded that VPP has taken no material uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Concentrations of Credit Risk

VPP's assets that are exposed to credit risk consist primarily of cash and cash equivalents, long-term investments, accounts receivable and pledges receivable. Cash and cash equivalents balances are maintained at high-quality financial institutions and, at times, balances may exceed federally insured limits. VPP has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at March 31, 2018 approximate $2.3 million. VPP performs yearly evaluations of these institutions for relative credit standing. Management regularly monitors the composition and maturities of investments. VPP limits the amount of credit exposure to any one financial institution.

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* The ASU establishes a comprehensive revenue recognition standard for virtually all industries under GAAP, including those that previously followed industry-specific guidance. Under the guidance, all entities should recognize revenue to depict the transfer of promised goods and services under a contract to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is currently effective on April 1, 2019 for VPP. Management will evaluate the potential impact of this guidance on its financial statements.

In February 2016, the FASB issued ASU 2016-02 (ASU 2016-02), *Leases (Topic 842),* which requires that a lessee recognize on the statement of financial position assets and liabilities for leases with lease terms of more than 12 months. (Leases with terms of less than 12 months are exempt from the new standard.) The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. ASU

2016-02 is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. VPP is currently evaluating the impact this update will have on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for VPP's financial statements on April 1, 2019. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain option practical expedients are available for periods prior to adoption. VPP is currently evaluating the impact of this ASU on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. The ASU is effective for transactions in which the entity serves as the resource recipient on April 1, 2020. VPP is currently evaluating the impact of this ASU on the financial statements.

2. Investments

Investment income is comprised of the following for the year ended March 31:

	2018	2017
Interest income	$ 56,748	$ 35,981
Net realized/unrealized loss on investments	(4,979)	(286)
	$ 51,769	$ 35,695

3. Property and Equipment

Property and equipment consists of the following at March 31:

	2018	2017
Leasehold improvements	$ 128,476	$ 128,476
Furniture and fixtures	51,236	45,169
Computer equipment	18,463	8,053
	198,175	181,698
Less: accumulated depreciation and amortization	(159,128)	(133,440)
	$ 39,047	$ 48,258

Depreciation and amortization expense totaled $25,688 and $24,199 for the years ended March 31, 2018 and 2017, respectively.

4. Pledges Receivable

Pledges receivable consist of the following at March 31:

	2018	2017
Less than one year	$ 1,490,450	$ 2,735,725
One to five years	1,060,474	2,073,505
Total	2,550,924	4,809,230
Less: present value discount	(95,422)	(193,986)
Less: reserve for uncollectible pledges	(278,259)	(300,000)
Total pledges receivable	$ 2,177,243	$ 4,315,244

Pledges receivable due in less than one year are reported as the current portion of total pledges receivable. The long term portion of pledges receivable represents commitments greater than one year, net of the present value discount and reserve for uncollectible pledges.

5. Investments Measured Using the Net Asset Value per Share Practical Expedient

VPP holds investments in a Managed Income Fund (the Fund) that mainly invests in investment grade, U.S. dollar denominated short-term fixed and floating rate debt securities. As part of its principal investment strategy, the Fund may invest in corporate securities, asset-backed securities and high quality money market instruments such as commercial paper, certificates of deposit, time deposits, deposit notes and bank notes. The Fund may also invest in U.S. Treasury securities, securities issued or guaranteed by the U.S. government or its agencies and instrumentalities, securities issued or guaranteed by supranational organizations; securities issued or guaranteed by foreign governments, repurchase agreements, and Rule 144A securities. All securities will be U.S. dollar-denominated although they may be issued by a foreign corporation, or a foreign government or its agencies and instrumentalities.

VPP's investment that is valued at net asset value per share practical expedient, including general information related to the investment, is as follows at March 31:

	2018			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Managed income fund (a)	$ 3,067,033	$ -	Immediate	None

	2017			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Managed income fund (a)	$ 3,026,715	$ -	Immediate	None

a) VPP holds investments in a Managed Income Fund (the Fund) that mainly invests in investment grade, U.S. dollar denominated short-term fixed and floating rate debt securities. As part of its principal investment strategy, the Fund may invest in corporate securities, asset-backed securities and high quality money market instruments such as commercial paper, certificates of deposit, time deposits, deposit notes and bank notes. The Fund may also invest in U.S. Treasury securities, securities issued or guaranteed by the U.S. government or its agencies and instrumentalities, securities issued or guaranteed by supranational organizations; securities issued or guaranteed by foreign governments, repurchase agreements, and Rule 144A securities. All securities will be U.S. dollar-denominated although they may be issued by a foreign corporation, or a foreign government or its agencies and instrumentalities.

6. Temporarily Restricted Net Assets

During the years ended March 31, 2018 and 2017, VPP reported $2.6 million and $4 million, respectively of temporarily restricted net assets related to time and purpose restrictions for multi-year pledges to be received in future periods. Temporarily restricted net assets at March 31, 2018 and 2017 are time restricted.

7. Benefit Plan

VPP employees are eligible to participate in a 401(k) plan after their first 90 days of employment. Under the Plan, VPP will match half of the employee's contribution amount up to a maximum of $1,000 per year, as defined by the Plan agreement. In addition, VPP's plan is a Safe Harbor 401(k) plan that generally satisfies the non-discrimination rules for elective deferrals and employer matching contributions. During the years ended March 31, 2018 and 2017, VPP recorded contributions of $23,786 and $22,664, respectively. The safe harbor portions of these contributions were $11,986 and $14,664, respectively.

8. Leases

VPP leases office facilities in Washington, D.C., under a non-cancelable operating lease commitment which expires in August 2019. As of March 31, 2018, the following is a schedule by year of the future minimum lease payments required under this operating lease:

Year ending March 31,	
2019	228,000
2020	97,000
	$ 325,000

VPP recognizes rent expense on operating leases on a straight-line basis over the lease term. The difference between the rent expense and lease payments is reflected as deferred rent.

Rent expense aggregated $194,156 and $193,830 for the years ended March 31, 2018 and 2017, respectively.

9. Grants Payable

Conditional promises to give are not recognized as expenses until the conditions are substantially met.

VPP has entered into several conditional promises to give to local organizations supporting VPP's mission. At such time when agreed-upon milestones have been met, VPP will recognize the related contribution expense. As of March 31, 2018 and 2017, the total amount conditionally pledged was approximately $1.5 million and $1.6 million, respectively.

10. Related Party Transactions

Certain Board members of VPP have pledged amounts totaling $2,200,000 and $2,050,000 as of March 31, 2018 and 2017, respectively. Of these amounts, $510,508 and $1,277,313 are outstanding as of March 31, 2018 and 2017, respectively.

11. Major Donors

Pledges receivable consist mainly of amounts due from individuals and foundations. For the years ended March 31, 2018 and 2017, there were two and three donors that accounted for 16% and 55% of total revenue, respectively. As of March 31, 2018 and 2017, four donors accounted for 77% and

59% of pledges receivable, respectively. Historically, VPP has not experienced significant losses related to accounts and pledges receivable and, therefore, believes that the credit risk related to these receivables is minimal.

12. Subsequent Events

VPP has evaluated its March 31, 2018 financial statements for subsequent events through November 6, 2018, the date the financial statements were available to be issued. VPP is not aware of any subsequent events which would require recognition or disclosure in the financial statements.