

---

THE POLICY CIRCLE, CO.  
FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
DECEMBER 31, 2022 AND 2021

---



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Policy Circle, Co.:

### Opinion

We have audited the accompanying financial statements of The Policy Circle, Co. (an Indiana not-for-profit corporation) (TPC), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of TPC, as of December 31, 2022 and 2021, 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.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TPC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TPC'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.

*Greenwald CPAs, Inc.*

June 28, 2023

THE POLICY CIRCLE, CO.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2022 AND 2021

---

ASSETS

	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 188,937	\$ 280,125
Grants receivable	165,000	-
Contributions receivable	157,137	179,870
Other receivables	-	25,513
Prepaid expenses	53,173	8,086
	<u>564,247</u>	<u>493,594</u>
<i>Total current assets</i>		
	<u>69,767</u>	<u>-</u>
<b>CONTRIBUTIONS RECEIVABLE, NET-LONG TERM</b>		
	<u>69,767</u>	<u>-</u>
<b>WEBSITE</b>		
Website	103,446	103,446
Construction in progress	-	59,963
Accumulated amortization	(103,446)	(103,446)
	<u>-</u>	<u>59,963</u>
<i>Net website</i>		
	<u>-</u>	<u>59,963</u>
<b>OTHER ASSETS</b>	<u>6,485</u>	<u>6,485</u>
	<u>\$ 640,499</u>	<u>\$ 560,042</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 3,041	\$ 10,321
Accrued payroll and related benefits	33,369	46,561
Accrued vacation	13,074	14,417
	<u>49,484</u>	<u>71,299</u>
<i>Total current liabilities</i>		
	<u>49,484</u>	<u>71,299</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions	134,111	315,743
Net assets with donor restrictions	456,904	173,000
	<u>591,015</u>	<u>488,743</u>
<i>Total net assets</i>		
	<u>591,015</u>	<u>488,743</u>
<i>Total liabilities and net assets</i>	<u>\$ 640,499</u>	<u>\$ 560,042</u>

THE POLICY CIRCLE, CO.  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2022 TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2021 TOTAL
<b>REVENUE AND SUPPORT</b>						
Grants	\$ 125,000	\$ 169,767	\$ 294,767	\$ 250,225	\$ -	\$ 250,225
Contributions	1,609,155	287,137	1,896,292	1,296,214	173,000	1,469,214
In-kind contributions	77,335	-	77,335	45,430	-	45,430
Miscellaneous	4,872	-	4,872	-	-	-
<i>Total revenue and support</i>	<u>1,816,362</u>	<u>456,904</u>	<u>2,273,266</u>	<u>1,591,869</u>	<u>173,000</u>	<u>1,764,869</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>173,000</u>	<u>(173,000)</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
<b>EXPENSES</b>						
Program	1,925,004	-	1,925,004	1,525,338	-	1,525,338
Management and general	200,990	-	200,990	187,870	-	187,870
Fundraising	45,000	-	45,000	36,862	-	36,862
<i>Total expenses</i>	<u>2,170,994</u>	<u>-</u>	<u>2,170,994</u>	<u>1,750,070</u>	<u>-</u>	<u>1,750,070</u>
<b>CHANGE IN NET ASSETS</b>	(181,632)	283,904	102,272	(153,201)	168,000	14,799
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>315,743</u>	<u>173,000</u>	<u>488,743</u>	<u>468,944</u>	<u>5,000</u>	<u>473,944</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 134,111</u>	<u>\$ 456,904</u>	<u>\$ 591,015</u>	<u>\$ 315,743</u>	<u>\$ 173,000</u>	<u>\$ 488,743</u>

See accompanying notes to financial statements.

THE POLICY CIRCLE, CO.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2022

---

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Personnel costs	\$ 969,197	\$ 47,303	\$ 45,000	\$ 1,061,500
Professional fees	225,429	66,776	-	292,205
Events	429,715	3,131	-	432,846
Technology	155,686	-	-	155,686
Travel	116,627	-	-	116,627
Marketing	12,292	-	-	12,292
Insurance	-	4,822	-	4,822
Other	16,058	18,995	-	35,053
Loss on disposal of assets	-	59,963	-	59,963
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total expenses</i>	<u>\$ 1,925,004</u>	<u>\$ 200,990</u>	<u>\$ 45,000</u>	<u>\$ 2,170,994</u>

THE POLICY CIRCLE, CO.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

---

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Personnel costs	\$ 802,696	\$ 43,656	\$ 36,079	\$ 882,431
Professional fees	275,613	58,760	500	334,873
Events	253,218	179	-	253,397
Office space	-	18,337	-	18,337
Technology	85,432	26,442	-	111,874
Travel	68,521	-	283	68,804
Marketing	30,872	-	-	30,872
Insurance	-	5,911	-	5,911
Other	8,986	34,585	-	43,571
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total expenses</i>	<u>\$ 1,525,338</u>	<u>\$ 187,870</u>	<u>\$ 36,862</u>	<u>\$ 1,750,070</u>

CHANGE IN CASH

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants and contributions	\$ 2,086,745	\$ 1,569,512
Cash paid to vendors, employees and contractors	<u>(2,177,933)</u>	<u>(1,621,843)</u>
<i>Net cash used in operating activities</i>	<u>(91,188)</u>	<u>(52,331)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Additions to construction in process	<u>-</u>	<u>(59,963)</u>
<b>CHANGE IN CASH</b>	(91,188)	(112,294)
<b>CASH, BEGINNING OF YEAR</b>	<u>280,125</u>	<u>392,419</u>
<b>CASH, END OF YEAR</b>	<u>\$ 188,937</u>	<u>\$ 280,125</u>
<b>SUMMARY OF NON-CASH OPERATING ACTIVITIES</b>		
In-kind contributions	<u>\$ 77,335</u>	<u>\$ 45,430</u>



RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH  
 USED IN OPERATING ACTIVITIES

	<u>2022</u>	<u>2021</u>
CHANGE IN NET ASSETS	\$ 102,272	\$ 14,799
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Amortization expense	-	10,343
Loss on disposal of property and equipment	59,963	-
<i>(Increase) decrease in operating assets</i>		
Grants receivable	(234,767)	-
Contributions receivable	22,733	(169,844)
Other receivables	25,513	(25,513)
Prepaid expenses	(45,087)	56,216
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable and accrued expenses	(7,280)	8,367
Accrued payroll and related benefits	(13,192)	42,072
Accrued vacation	(1,343)	11,229
<i>Total adjustments</i>	<u>(193,460)</u>	<u>(67,130)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (91,188)</u>	<u>\$ (52,331)</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Policy Circle, Co. (TPC) is a national, nonpartisan organization that informs, equips, and connects women to be more impactful citizens.

We activate women to become local civic leaders who seek solutions grounded in entrepreneurial values and personal responsibility. TPC's agile and flexible model has three core components:

We inform a broad, diverse, and dispersed audience using Policy Briefs, virtual programs, and robust social channels. In 2022, Policy Circle Briefs garnered 260,000 views, our website had 20 million impressions, and we expanded our social reach by 60%. We curate our resources from a variety of vetted sources to share valuable perspectives and highlight innovative solutions. We collaborate with respected think tanks, best-selling authors, innovative business leaders, and policy experts to provide our community with cutting-edge research, reliable information, and actionable next steps.

We attract independent thinkers and civic-minded women who are revitalizing civil society by convening and hosting roundtable conversations in 45 states. With 11,000 members in our broader community, we are seeing a reawakening amongst citizens who crave connection and collaborative solutions to the issues facing their communities. From living rooms to board rooms, our growing community is convening stakeholders for constructive, civil conversations. TPC's Annual Leadership Summit gathers members, supporters, and partners for a catalytic experience. In 2022, more than 860 participants engaged in person and virtually to discover what makes communities thrive.

We identify and equip leaders through the Civic Leadership Engagement Roadmap (CLER). This flexible framework has attracted 263 women - both established and emerging leaders. CLER is a three-month virtual program that includes assignments that require participants to engage with their local community leaders to develop town hall relationships. In only two years since its launch, CLER is already producing results - women are securing high-level appointments to task forces and commissions and successfully running for local office. TPC's State Leadership Councils, manned by volunteer leaders, plan local programming and state-based initiatives to strengthen the impact and reach of our mission.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements have been prepared on the accrual basis of accounting. 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 and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash consists of a checking account. For purposes of the statements of cash flows, TPC considers all highly liquid investments with maturities of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2022 and 2021. At December 31, 2021, TPC held cash in excess of the Federal Deposit Insurance Corporation limit (\$250,000) of \$30,125.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

WEBSITE

TPC accounts for website development costs in accordance with Accounting Standards Codification 350-50 "Website Development Costs". Accordingly, all costs incurred in the planning stage are expensed as incurred, costs incurred in the website application and infrastructure development stage that meet specific criteria are capitalized and costs incurred in the day-to-day operation of the website are expensed as incurred. The website is being amortized over 7 years. The website was fully amortized in 2021. Amortization expense was \$10,333 in 2021.

CONTRIBUTIONS AND GRANTS

Contributions and grants are recognized when the donor makes an unconditional promise to give to TPC and are recorded at their fair values as revenues and assets in the period promised. Conditional contributions and grants are recognized when the condition has been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions receivable were due in less than one year at December 31, 2022 and 2021. Grants receivables consist of amounts that have been unconditionally promised and are supported by a written grant agreement. Management estimates an allowance for uncollectible grants receivable based on current economic conditions, historical trends, and experience with their grantors. Management determined that no allowance for uncollectible grants or contributions was necessary at December 31, 2022 and 2021.

Grants receivable consisted of the following at December 31:

	<u>2022</u>
Amounts due in	
Less than one year	\$ 165,000
One to five years	<u>75,000</u>
Total grants receivable	240,000
Less discounts to net present value (7.5%)	<u>5,233</u>
Net grants receivable	<u>\$ 234,767</u>

NET ASSETS

TPC reports information regarding the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. TPC maintains the following classifications of net assets:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of TPC. These include revenue and expenses from the regular operations of TPC, which are at the discretion of management and the Board of Directors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS, CONTINUED

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature and may be restricted for a particular purpose or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets with donor restrictions were \$456,904 and \$173,000 at December 31, 2022 and 2021, respectively. (Note 4).

EXPENSE ALLOCATION

Expenses have been classified as program, management and general and fundraising based on the actual direct expenditures and cost allocation based on estimates of time usage by TPC personnel and programs.

MARKETING

TPC uses marketing to promote its programs. Marketing costs are expensed as incurred. Marketing expense for 2022 and 2021 was \$12,292 and \$30,872, respectively.

TAX STATUS

TPC is a not-for-profit organization, exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and is not considered to be a private foundation as defined by Section 509(a) of the Internal Revenue Code.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 28, 2023, which is the date the financial statements were available to be issued.

NEW ACCOUNTING PRONOUNCEMENT

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASU] 842), *Leases*, to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

TPC adopted the standard effected January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 through a cumulative effect adjustment, with certain practical expedients available.

The Organization elected the available practical expedients to account for existing operating and capital leases as operating and financing leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

THE POLICY CIRCLE, CO.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2022 AND 2021

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

NEW ACCOUNTING PRONOUNCEMENT, CONTINUED

The standard did not have a material impact TPC's statement of financial position, activities, functional expenses, and cash flows.

2. **LIQUIDITY AND AVAILABILITY**

TPC considers contributions without donor restrictions and contributions with donor restrictions for use in current operations to be available to meet cash needs for general expenditures. General expenditures include program, management and general and fundraising expenses expected to be paid in the next fiscal year. The following represents TPC's financial assets available to meet general expenditures over the next year at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end		
Cash	\$ 188,937	\$ 280,125
Contributions, grants and other receivables	391,904	205,383
Grants receivable, long-term	<u>(69,767)</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 511,074</u>	<u>\$ 485,508</u>

As part of TPC's liquidity management, it has a policy to structure its financial assets as its general expenditures and other obligations become due.

3. **IN-KIND CONTRIBUTIONS**

TPC receives significant in-kind contributions of time and pro bono services from members of the community and volunteers related to events and office operations. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by TPC. TPC recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. These amounts have been treated as non-cash transactions and have been excluded from the statements of cash flows.

During fiscal year 2022, TPC received donated event and technology services. During fiscal year 2021, TPC received donated services related to organizational capacity building and the use of facilities.

<u>2022</u>	<u>Donated Spaces</u>	<u>Donated Services</u>	<u>Total</u>
Program events	\$ -	\$ 74,266	\$ 74,266
Management and general	<u>-</u>	<u>3,069</u>	<u>3,069</u>
	<u>\$ -</u>	<u>\$ 77,335</u>	<u>\$ 77,335</u>

3. IN-KIND CONTRIBUTIONS, CONTINUED

<u>2021</u>	<u>Donated Spaces</u>	<u>Donated Services</u>	<u>Total</u>
Program events	\$ 14,030	\$ 11,714	\$ 25,744
Management and general	18,337	1,349	19,686
	<u>\$ 32,367</u>	<u>\$ 13,063</u>	<u>\$ 45,430</u>

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

Donated space is valued at the fair value of similar properties available in commercial real estate listings. Donated services are valued at the standard hourly rates charged for those services.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction were restricted for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Amounts due in future periods	\$ 222,137	\$ 173,000
Brief Writing Program	65,000	-
Civil Leadership and Engagement Roadmap Program	169,767	-
Total	<u>\$ 456,904</u>	<u>\$ 173,000</u>

5. SIMPLE IRA RETIREMENT PLAN

TPC has a Simple IRA retirement plan covering qualified employees, as defined. TPC matches employee contributions up to a maximum of three percent of the eligible employee compensation. TPC contributed approximately \$22,000 and \$17,500 in matching contributions for 2022 and 2021, respectively.

6. COMMITMENTS

On an annual basis, the Organization holds multiple events throughout the year with the largest being the Summit. The event is held at different locations throughout the United States of America annually. The locations are reserved in advance and have various commitments. The 2023 Summit agreement states that there are various food and beverage minimums. In addition, should the agreement be cancelled prior to the event, the hotels have cancellation clauses stating that the Organization will owe a percentage of the total minimum revenue to the hotels depending on the date that the cancellation occurs. Dependent on the date of cancellation, the range of penalties from cancellation of the event is approximately \$97,000 - \$206,000. This is TPC's 7th annual Summit and historically TPC has never cancelled the Summit, with the exception of 2020 during the Covid-19 pandemic. TPC never incurred penalties and does not anticipate cancelling or incurring penalties in the future.