
THE POLICY CIRCLE, CO.
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2023 AND 2022



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, 2023 and 2022, 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, 2023 and 2022, 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 24, 2024

THE POLICY CIRCLE, CO.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 266,221	\$ 188,937
Grants receivable	75,000	165,000
Contributions receivable	256,516	157,137
Prepaid expenses	12,180	53,173
	<u>609,917</u>	<u>564,247</u>
<i>Total current assets</i>		
	<u>-</u>	<u>69,767</u>
LONG-TERM GRANTS RECEIVABLE, NET		
WEBSITE		
Website	124,446	103,446
Accumulated amortization	(106,596)	(103,446)
	<u>17,850</u>	<u>-</u>
<i>Net website</i>		
	<u>6,485</u>	<u>6,485</u>
OTHER ASSETS		
	<u>\$ 634,252</u>	<u>\$ 640,499</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 102,951	\$ 3,041
Accrued payroll and related benefits	60,000	33,369
Accrued vacation	20,894	13,074
	<u>183,845</u>	<u>49,484</u>
<i>Total current liabilities</i>		
NET ASSETS		
Net assets without donor restrictions	118,891	134,111
Net assets with donor restrictions	331,516	456,904
	<u>450,407</u>	<u>591,015</u>
<i>Total net assets</i>		
	<u>\$ 634,252</u>	<u>\$ 640,499</u>

THE POLICY CIRCLE, CO.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2023 TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2022 TOTAL
REVENUE AND SUPPORT						
Grants	\$ 31,233	\$ -	\$ 31,233	\$ 125,000	\$ 169,767	\$ 294,767
Contributions	2,027,606	256,516	2,284,122	1,609,155	287,137	1,896,292
In-kind contributions	54,310	-	54,310	77,335	-	77,335
Miscellaneous	2,827	-	2,827	4,872	-	4,872
<i>Total revenue and support</i>	<u>2,115,976</u>	<u>256,516</u>	<u>2,372,492</u>	<u>1,816,362</u>	<u>456,904</u>	<u>2,273,266</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>381,904</u>	<u>(381,904)</u>	<u>-</u>	<u>173,000</u>	<u>(173,000)</u>	<u>-</u>
EXPENSES						
Program	1,909,249	-	1,909,249	1,925,004	-	1,925,004
Management and general	560,665	-	560,665	200,990	-	200,990
Fundraising	43,186	-	43,186	45,000	-	45,000
<i>Total expenses</i>	<u>2,513,100</u>	<u>-</u>	<u>2,513,100</u>	<u>2,170,994</u>	<u>-</u>	<u>2,170,994</u>
CHANGE IN NET ASSETS	(15,220)	(125,388)	(140,608)	(181,632)	283,904	102,272
NET ASSETS, BEGINNING OF YEAR	<u>134,111</u>	<u>456,904</u>	<u>591,015</u>	<u>315,743</u>	<u>173,000</u>	<u>488,743</u>
NET ASSETS, END OF YEAR	<u>\$ 118,891</u>	<u>\$ 331,516</u>	<u>\$ 450,407</u>	<u>\$ 134,111</u>	<u>\$ 456,904</u>	<u>\$ 591,015</u>

See accompanying notes to financial statements.

THE POLICY CIRCLE, CO.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Personnel costs	\$ 954,960	\$ 312,849	\$ 13,060	\$ 1,280,869
Professional fees	228,668	163,593	29,433	421,694
Events	300,989	-	-	300,989
Technology	208,885	-	-	208,885
Travel	116,016	25,628	20	141,664
Marketing	47,938	-	-	47,938
Insurance	5,713	-	-	5,713
Credit losses	-	50,000	-	50,000
Other	46,080	8,595	673	55,348
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total expenses</i>	<u>\$ 1,909,249</u>	<u>\$ 560,665</u>	<u>\$ 43,186</u>	<u>\$ 2,513,100</u>

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
Office space	155,686	-	-	155,686
Technology	116,627	-	-	116,627
Travel	12,292	-	-	12,292
Marketing	-	4,822	-	4,822
Insurance	16,058	18,995	-	35,053
Other	-	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>

CHANGE IN CASH

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contributions	\$ 2,432,880	\$ 2,086,745
Cash paid to vendors, employees and contractors	<u>(2,334,596)</u>	<u>(2,177,933)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>98,284</u>	<u>(91,188)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of website	<u>(21,000)</u>	<u>-</u>
CHANGE IN CASH	77,284	(91,188)
CASH, BEGINNING OF YEAR	<u>188,937</u>	<u>280,125</u>
CASH, END OF YEAR	<u><u>\$ 266,221</u></u>	<u><u>\$ 188,937</u></u>
SUMMARY OF NON-CASH OPERATING ACTIVITIES		
In-kind contributions	<u><u>\$ 54,310</u></u>	<u><u>\$ 77,335</u></u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
 PROVIDED BY (USED IN) OPERATING ACTIVITIES

	<u>2023</u>	<u>2022</u>
CHANGE IN NET ASSETS	\$ (140,608)	\$ 102,272
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Amortization expense	3,150	-
Loss on disposal of property and equipment	-	59,963
<i>(Increase) decrease in operating assets</i>		
Grants receivable	159,767	(234,767)
Contributions receivable	(99,379)	22,733
Other receivables	-	25,513
Prepaid expenses	40,993	(45,087)
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable and accrued expenses	99,910	(7,280)
Accrued payroll and related benefits	26,631	(13,192)
Accrued vacation	7,820	(1,343)
<i>Total adjustments</i>	<u>238,892</u>	<u>(193,460)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 98,284</u>	<u>\$ (91,188)</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, free market principles and personal responsibility. TPC's agile and flexible model has three core components:

Inform a broad, diverse, and dispersed audience using Policy Briefs, virtual programs, and robust social channels. In 2023, Policy Circle Briefs garnered 214,680 views, our website had 16.6 million impressions, and we expanded our social reach by 79%. 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.

Attract independent thinkers and civic-minded women who are revitalizing civil society by convening and hosting roundtable conversations in 37 states. With 12,000+ 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 2023, more than 665 participants engaged in person and virtually to focus on the future to unleash the promise of each generation.

Identify and equip leaders through the Civic Leadership Engagement Roadmap (CLER). This flexible framework has attracted 400+ 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. CLER continues to produce 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, meet bi-weekly to discuss state-based policy issues and how to activate more women to step into the arena and lead in their state.

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, 2023 and 2022. At December 31, 2023, TPC held cash in excess of the Federal Deposit Insurance Corporation limit (\$250,000) of approximately \$15,000.

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. Additional improvements were made to the website in 2023. Amortization expense was \$3,150 in 2023.

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.

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, 2023 and 2022.

Grants receivable consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Amounts due in		
Less than one year	\$ 75,000	\$ 165,000
One to five years	<u>-</u>	<u>75,000</u>
Total grants receivable	75,000	240,000
Less discounts to net present value (7.5%)	<u>-</u>	<u>5,233</u>
Net grants receivable	<u>\$ 75,000</u>	<u>\$ 234,767</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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.

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 2023 and 2022 was \$47,938 and \$4,822, 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 24, 2024, which is the date the financial statements were available to be issued.

THE POLICY CIRCLE, CO.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023 AND 2022

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>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash	\$ 266,221	\$ 188,937
Contributions, grants and other receivables	331,516	391,904
Grants receivable, long-term	-	(69,767)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 597,737</u>	<u>\$ 511,074</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 2023, TPC received donated event goods and services. During fiscal year 2022, TPC received donated event and technology services.

<u>2023</u>	<u>Donated Goods</u>	<u>Donated Services</u>	<u>Total</u>
Program events	\$ 5,732	\$ 48,578	\$ 54,310
Management and general	-	-	-
	<u>\$ 5,732</u>	<u>\$ 48,578</u>	<u>\$ 54,310</u>
<u>2022</u>	<u>Donated Goods</u>	<u>Donated Services</u>	<u>Total</u>
Program events	\$ -	\$ 74,266	\$ 74,266
Management and general	-	3,069	3,069
	<u>\$ -</u>	<u>\$ 77,335</u>	<u>\$ 77,335</u>

3. IN-KIND CONTRIBUTIONS, CONTINUED

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 services are valued at the standard hourly rates charged for those services. Donated goods are valued at the price it would cost to purchase those goods.

4. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Amounts due in future periods	\$ 241,519	\$ 222,137
Brief Writing Program	-	65,000
Civil Leadership and Engagement Roadmap Program	<u>90,000</u>	<u>169,767</u>
Total	<u>\$ 331,519</u>	<u>\$ 456,904</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 \$25,000 and \$22,000 in matching contributions for 2023 and 2022, respectively.