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THE POLICY CIRCLE, CO.  
FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
DECEMBER 31, 2021 AND 2020

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## 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, 2021 and 2020, 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, 2021 and 2020, 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 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.

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.*

February 15, 2022

THE POLICY CIRCLE, CO.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2021 AND 2020

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ASSETS

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 280,125	\$ 392,419
Contributions receivable	179,870	10,026
Other receivables	25,513	-
Prepaid expenses	8,086	64,302
	<u>493,594</u>	<u>466,747</u>
<i>Total current assets</i>		
<b>WEBSITE</b>		
Website	103,446	103,446
Construction in progress	59,963	-
Accumulated amortization	(103,446)	(93,103)
	<u>59,963</u>	<u>10,343</u>
<i>Net website</i>		
<b>OTHER ASSETS</b>	<u>6,485</u>	<u>6,485</u>
	<u>\$ 560,042</u>	<u>\$ 483,575</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 10,321	\$ 1,954
Accrued payroll and related benefits	46,561	4,489
Accrued vacation	14,417	3,188
	<u>71,299</u>	<u>9,631</u>
<i>Total current liabilities</i>		
<b>NET ASSETS</b>		
Net assets without donor restrictions	315,743	468,944
Net assets with donor restrictions	173,000	5,000
	<u>488,743</u>	<u>473,944</u>
<i>Total net assets</i>		
<i>Total liabilities and net assets</i>	<u>\$ 560,042</u>	<u>\$ 483,575</u>

THE POLICY CIRCLE, CO.  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2021 TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2020 TOTAL
<b>REVENUE AND SUPPORT</b>						
Grants	\$ 250,225	\$ -	\$ 250,225	\$ 172,225	\$ -	\$ 172,225
Contributions	1,296,214	173,000	1,469,214	1,076,089	5,000	1,081,089
In-kind contributions	45,430	-	45,430	48,760	-	48,760
<i>Total revenue and support</i>	<u>1,591,869</u>	<u>173,000</u>	<u>1,764,869</u>	<u>1,297,074</u>	<u>5,000</u>	<u>1,302,074</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>	<u>52,500</u>	<u>(52,500)</u>	<u>-</u>
<b>EXPENSES</b>						
Program	1,525,338	-	1,525,338	926,685	-	926,685
Management and general	187,870	-	187,870	215,186	-	215,186
Fundraising	36,862	-	36,862	1,045	-	1,045
<i>Total expenses</i>	<u>1,750,070</u>	<u>-</u>	<u>1,750,070</u>	<u>1,142,916</u>	<u>-</u>	<u>1,142,916</u>
<b>CHANGE IN NET ASSETS</b>	(153,201)	168,000	14,799	206,658	(47,500)	159,158
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>468,944</u>	<u>5,000</u>	<u>473,944</u>	<u>262,286</u>	<u>52,500</u>	<u>314,786</u>
<b>NET ASSETS, END 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>

See accompanying notes to financial statements.

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

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	<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>

THE POLICY CIRCLE, CO.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

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	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Personnel costs	\$ 405,213	\$ 12,500	\$ -	\$ 417,713
Professional fees	272,341	136,467	1,045	409,853
Events	7,618	5,669	-	13,287
Office space	-	18,000	-	18,000
Technology	155,682	12,835	-	168,517
Travel	23,905	-	-	23,905
Marketing	10,372	-	-	10,372
Insurance	1,493	4,953	-	6,446
Other	50,061	24,762	-	74,823
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total expenses</i>	<u>\$ 926,685</u>	<u>\$ 215,186</u>	<u>\$ 1,045</u>	<u>\$ 1,142,916</u>

CHANGE IN CASH

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants and contributions	\$ 1,569,512	\$ 1,345,299
Cash paid to vendors, employees and contractors	<u>(1,621,843)</u>	<u>(1,219,053)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>(52,331)</u>	<u>126,246</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Increase in construction in process	<u>(59,963)</u>	<u>-</u>
<b>CHANGE IN CASH</b>	(112,294)	126,246
<b>CASH, BEGINNING OF YEAR</b>	<u>392,419</u>	<u>266,173</u>
<b>CASH, END OF YEAR</b>	<u>\$ 280,125</u>	<u>\$ 392,419</u>
<b>SUMMARY OF NON-CASH OPERATING ACTIVITIES</b>		
In-kind contributions	<u>\$ 45,430</u>	<u>\$ 48,760</u>



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

	<u>2021</u>	<u>2020</u>
CHANGE IN NET ASSETS	\$ 14,799	\$ 159,158
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Amortization expense	10,343	15,518
<i>(Increase) decrease in operating assets</i>		
Grant receivable	-	52,500
Contributions receivable	(169,844)	(10,026)
Other receivables	(25,513)	751
Prepaid expenses	56,216	(61,385)
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable and accrued expenses	8,367	(34,252)
Accrued payroll and related benefits	42,072	794
Accrued vacation	11,229	3,188
<i>Total adjustments</i>	<u>(67,130)</u>	<u>(32,912)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (52,331)</u>	<u>\$ 126,246</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Policy Circle, Co. (TPC) is an Indiana not-for-profit corporation whose mission and vision is women across the Nation are connected and engaged in their communities, openly share their views and take a leadership role in public policy dialogue on what human creativity can accomplish in a free market economy. Policy Circles across the Nation are started by women who have a mind of their own and who believe in everyone's capacity for choosing what is best for themselves, their family and their community. TPC's main source of revenue is contributions.

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, 2021 and 2020. At December 31, 2021 and 2020, TPC held cash in excess of the Federal Deposit Insurance Corporation limit (\$250,000) of \$30,125 and \$142,419, respectively.

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. Amortization expense was \$10,333 and \$15,518 in 2021 and 2020, respectively. In addition, TPC has approximately \$60,000 of construction in progress related to the development of a new website that has not yet been placed in service.

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, 2021 and 2020. Management determined that no allowance for uncollectible contributions was necessary at December 31, 2021 and 2020.

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.

Net assets with donor restrictions of \$173,000 and \$5,000 at December 31, 2021 and 2020, respectively were restricted for the following fiscal year.

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. During 2020, the founding members of the Board of Directors performed fundraising activities on a pro bono basis.

MARKETING

TPC uses marketing to promote its programs. Marketing costs are expensed as incurred. Marketing expense for 2021 and 2020 was \$30,872 and \$10,372, 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 February 15, 2022, which is the date the financial statements were available to be issued.

THE POLICY CIRCLE, CO.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2021 AND 2020

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>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash	\$ 280,125	\$ 392,419
Contributions and other receivables	<u>205,383</u>	<u>10,026</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 485,508</u>	<u>\$ 402,445</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 2021, TPC received donated event and technology services as well as the use of facilities. During fiscal year 2020, TPC received donated services related to organizational capacity building and the use of facilities.

<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	<u>18,337</u>	<u>1,349</u>	<u>19,686</u>
	<u>\$ 32,367</u>	<u>\$ 13,063</u>	<u>\$ 45,430</u>
<u>2020</u>	<u>Donated Spaces</u>	<u>Donated Services</u>	<u>Total</u>
Program events	\$ 18,000	\$ 30,760	\$ 48,760
	<u>\$ 18,000</u>	<u>\$ 30,760</u>	<u>\$ 48,760</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 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. SIMPLE IRA RETIREMENT PLAN**

TPC has a Simple IRA retirement plan covering qualified employees, as defined. TPC matches the employee's contribution up to a maximum of three percent of the eligible employee's compensation. TPC contributed approximately \$17,500 and \$5,100 in matching Simple IRA contributions for 2021 and 2020, respectively.

**5. CONCENTRATION**

TPC received significant support from its founders in 2020 that represented 13% of total revenue and support.

**6. RISKS AND UNCERTAINTIES**

On January 30, 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus (COVID-19) a "Public Health Emergency of International Concern." The extent of the impact of COVID-19 on TPC's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on donors, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact TPC's financial condition or results of operations is uncertain.

**7. RECLASSIFICATION**

Certain items in the 2020 financial statements have been reclassified to conform with the 2021 presentation. These reclassifications had no impact on net assets at December 31, 2020.