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**THE POLICY CIRCLE, CO.**  
FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
DECEMBER 31, 2018 AND 2017

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## INDEPENDENT AUDITORS' REPORT

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

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, 2018 and 2017, and the related statements of activities, functional expenses, 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.

### Auditors' 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 auditors' 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 TPC, as of December 31, 2018 and 2017, and the change 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.

*Greenwalt CPAs, Inc.*

April 30, 2019

THE POLICY CIRCLE, CO.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2018 AND 2017

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ASSETS

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 330,964	\$ 146,362
Contributions receivable	6,135	-
Other receivables	1,000	-
Prepaid expenses	<u>2,427</u>	<u>4,484</u>
<i>Total current assets</i>	<u>340,526</u>	<u>150,846</u>
<b>WEBSITE</b>		
Website	103,446	103,446
Accumulated amortization	<u>(62,068)</u>	<u>(46,551)</u>
<i>Net website</i>	<u>41,378</u>	<u>56,895</u>
<b>OTHER ASSETS</b>	<u>6,485</u>	<u>6,485</u>
	<u>\$ 388,389</u>	<u>\$ 214,226</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 32,248	\$ 31,403
<b>NET ASSETS</b>		
Net assets without donor restrictions	351,141	182,823
Net assets with donor restrictions	<u>5,000</u>	<u>-</u>
<i>Total net assets</i>	<u>356,141</u>	<u>182,823</u>
<i>Total liabilities and net assets</i>	<u>\$ 388,389</u>	<u>\$ 214,226</u>

THE POLICY CIRCLE, CO.  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Without Donor Restrictions	With Donor Restrictions	2018 Total	Without Donor Restrictions	With Donor Restrictions	2017 Total
<b>REVENUE AND SUPPORT</b>						
Contributions	\$ 929,712	\$ 5,000	\$ 934,712	\$ 458,898	\$ -	\$ 458,898
In-kind revenue	176,225	-	176,225	-	-	-
Events	21,082	-	21,082	-	-	-
<i>Total revenue and support</i>	<u>1,127,019</u>	<u>5,000</u>	<u>1,132,019</u>	<u>458,898</u>	<u>-</u>	<u>458,898</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
<b>EXPENSES</b>						
Program	745,566	-	745,566	390,848	-	390,848
Management and general	153,135	-	153,135	122,437	-	122,437
Fundraising	60,000	-	60,000	-	-	-
<i>Total expenses</i>	<u>958,701</u>	<u>-</u>	<u>958,701</u>	<u>513,285</u>	<u>-</u>	<u>513,285</u>
<b>CHANGE IN NET ASSETS</b>	168,318	5,000	173,318	(4,387)	(50,000)	(54,387)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>182,823</u>	<u>-</u>	<u>182,823</u>	<u>187,210</u>	<u>50,000</u>	<u>237,210</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 351,141</u>	<u>\$ 5,000</u>	<u>\$ 356,141</u>	<u>\$ 182,823</u>	<u>\$ -</u>	<u>\$ 182,823</u>

THE POLICY CIRCLE, CO.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

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	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs	\$ 144,989	\$ 53,395	\$ -	\$ 198,384
Professional fees	256,518	59,401	60,000	375,919
Events	43,863	236	-	44,099
Office space	14,635	3,365	-	18,000
Technology	168,019	-	-	168,019
Program development	36,919	408	-	37,327
Marketing	55,500	-	-	55,500
Insurance	6,727	1,547	-	8,274
Other	18,396	34,783	-	53,179
	<u>18,396</u>	<u>34,783</u>	<u>-</u>	<u>53,179</u>
<i>Total expenses</i>	<u>\$ 745,566</u>	<u>\$ 153,135</u>	<u>\$ 60,000</u>	<u>\$ 958,701</u>

THE POLICY CIRCLE, CO.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

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	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Events	\$ 76,052	\$ -	\$ -	\$ 76,052
Professional fees	157,751	16,898	-	174,649
Technology	96,308	68,747	-	165,055
Program development	60,737	-	-	60,737
Marketing	-	19,012	-	19,012
Insurance	-	3,248	-	3,248
Other	-	14,532	-	14,532
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total expenses</i>	<u>\$ 390,848</u>	<u>\$ 122,437</u>	<u>\$ -</u>	<u>\$ 513,285</u>

CHANGE IN CASH

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants and contributions	\$ 1,124,884	\$ 508,898
Cash paid to vendors, employees and contractors	<u>(940,282)</u>	<u>(487,189)</u>
<i>Net cash provided by operating activities</i>	<u>184,602</u>	<u>21,709</u>
<b>CHANGE IN CASH</b>	184,602	21,709
<b>CASH, BEGINNING OF YEAR</b>	<u>146,362</u>	<u>124,653</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 330,964</u></u>	<u><u>\$ 146,362</u></u>

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

	<u>2018</u>	<u>2017</u>
CHANGE IN NET ASSETS	\$ 173,318	\$ (54,387)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY IN OPERATING ACTIVITIES		
Amortization expense	15,517	15,517
<i>(Increase) decrease in operating assets:</i>		
Grants receivable	-	50,000
Contributions receivable	(6,135)	-
Other receivables	(1,000)	-
Prepaid expenses	2,057	927
 <i>Increase in operating liabilities:</i>		
Accounts payable and accrued expenses	845	9,652
 <i>Total adjustments</i>	<u>11,284</u>	<u>76,096</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 184,602</u>	<u>\$ 21,709</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, 2018 and 2017. At December 31, 2018, TPC held cash in excess of the Federal Deposit Insurance Corporation limit of \$250,000 at a total of \$93,551.

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 in both 2018 and 2017 was \$15,517.

CONTRIBUTIONS

Contributions 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. 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, 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS

As required by Accounting Standards for the Presentation of Financial Statements of Not-For-Profit Organizations, 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 (Unrestricted)

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 (Temporarily Restricted)

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

Net assets without donor restrictions were \$5,000 related to a contribution receivable at December 31, 2018. There were no net assets with donor restrictions at December 31, 2017.

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 2018 and 2017 was \$55,500 and \$19,012, 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 April 30, 2019 which is the date the financial statements were available to be issued.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addressed the complexity and understandability of net asset classification by reducing the three categories of unrestricted, temporarily restricted and permanently restricted to two, net assets with and without donor restrictions. In addition, the update requires a new disclosure regarding liquidity and the availability of resources. The Organization has adjusted the presentation of these statements accordingly. The update has been applied retrospectively to all periods presented.

2. LIQUIDITY AND AVAILABILITY

The following represents The Policy Circle's financial assets at December 31:

Financial assets at year-end:		2018	2017
Cash	\$	<u>330,964</u>	<u>\$ 146,362</u>
Contributions and other receivables		7,135	-
Prepaid expenses		<u>2,427</u>	<u>4,484</u>
Financial assets available to meet general expenditures over the next twelve months		340,526	150,844

In addition to financial assets available to meet general expenditures over the next 12 months, TPC operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of TPC's cash and shows positive cash generated by operations for fiscal years 2018 and 2017.

3. IN-KIND CONTRIBUTIONS

TPC received donated professional and technology services of \$158,225 as well as donated office space of \$18,000 for the year ended December 31, 2018. These amounts have been treated as non-cash transactions and have been excluded from the statements of cash flows.

4. SIMPLE IRA RETIREMENT PLAN

During 2018, TPC began sponsoring 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. The Organization contributed approximately \$3,000 in matching Simple IRA contributions for the years ended December 31, 2018.

5. CONCENTRATION

TPC received significant support in 2018 and 2017 from its founders that represented 21% and 44% of total revenue and support.