

# **POLICYLINK**

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## **FINANCIAL STATEMENTS**

December 31, 2014  
(with summarized financial information for 2013)



# POLICYLINK

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
PolicyLink

We have audited the accompanying financial statements of PolicyLink (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 PolicyLink as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited PolicyLink's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Burr Pilger Mayer, Inc.*

San Francisco, California  
September 24, 2015

**POLICYLINK**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2014

(with summarized financial information as of December 31, 2013)

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,383,160	\$ 2,562,248
Grants receivable	2,436,959	5,436,506
Contracts receivable	1,022,253	641,663
Prepaid expenses	291,157	369,358
Deposits and other assets	79,199	59,265
Property and equipment, net	<u>130,737</u>	<u>99,613</u>
Total assets	<u>\$ 5,343,465</u>	<u>\$ 9,168,653</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 687,239	\$ 682,089
Other accrued liabilities	<u>587,710</u>	<u>497,809</u>
Total liabilities	<u>1,274,949</u>	<u>1,179,898</u>
Net assets:		
Unrestricted net assets	80,981	67,133
Temporarily restricted net assets	<u>3,987,535</u>	<u>7,921,622</u>
Total net assets	<u>4,068,516</u>	<u>7,988,755</u>
Total liabilities and net assets	<u>\$ 5,343,465</u>	<u>\$ 9,168,653</u>

The accompanying notes are an integral part of these financial statements.

**POLICYLINK**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

For the year ended December 31, 2014  
(with summarized financial information for the year ended December 31, 2013)

	Unrestricted	Temporarily Restricted	2014 Total	2013 Total
Support and revenues:				
Grants and contributions	\$ 4,458,063	\$ 2,173,871	\$ 6,631,934	\$ 13,342,842
Contracts	1,917,660	-	1,917,660	1,691,349
Government grants and contracts	453,510	-	453,510	336,376
Earned income and honoraria	40,591	-	40,591	60,835
Other income	272	-	272	233
Net assets released from restrictions	6,107,958	(6,107,958)	-	-
Total support and revenues	12,978,054	(3,934,087)	9,043,967	15,431,635
Expenses:				
Program services	11,718,383	-	11,718,383	11,845,907
General and administrative	721,979	-	721,979	827,819
Fundraising	523,844	-	523,844	472,167
Total expenses	12,964,206	-	12,964,206	13,145,893
Change in net assets	13,848	(3,934,087)	(3,920,239)	2,285,742
Net assets, beginning of year	67,133	7,921,622	7,988,755	5,703,013
Net assets, end of year	\$ 80,981	\$ 3,987,535	\$ 4,068,516	\$ 7,988,755

The accompanying notes are an integral  
part of these financial statements.

**POLICYLINK**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2014  
(with summarized financial information for the year ended December 31, 2013)

	2014			2013 Total	
	Program Services	Support Services			
		General and Administrative	Fundraising	Total	
Expenses:					
Salaries and benefits	\$ 6,805,561	\$ 512,038	\$ 472,671	\$ 7,790,270	\$ 7,691,377
Other fees for services	2,583,696	4,606	359	2,588,661	2,388,020
Travel	668,702	27,601	3,680	699,983	802,383
Occupancy	610,477	37,478	27,193	675,148	644,058
Software and computer supplies	415,184	5,348	3,130	423,662	427,264
Conferences, conventions, and meetings	199,908	2,823	408	203,139	213,764
Telephone	161,179	9,308	6,412	176,899	245,327
Professional fees	1,515	89,551	-	91,066	116,546
Depreciation	69,152	4,262	3,091	76,505	91,426
Printing and publications	69,243	1,242	2,853	73,338	76,613
Temporary agencies and casual labor	48,001	944	685	49,630	302,484
Supplies	33,152	2,379	1,302	36,833	50,797
Equipment rental and maintenance	20,269	2,048	776	23,093	36,607
Other	10,160	4,687	329	15,176	9,057
Postage and shipping	12,243	474	803	13,520	19,228
Advertising and promotion	6,542	4,674	-	11,216	-
Insurance	3,399	5,769	152	9,320	14,549
Interest	-	6,747	-	6,747	10,673
Bad debts	-	-	-	-	500
Sponsorships	-	-	-	-	5,220
<b>Total expenses</b>	<b>\$ 11,718,383</b>	<b>\$ 721,979</b>	<b>\$ 523,844</b>	<b>\$ 12,964,206</b>	<b>\$ 13,145,893</b>

The accompanying notes are an integral  
part of these financial statements.

# POLICYLINK

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2014  
(with summarized financial information for the year ended December 31, 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,920,239)	\$ 2,285,742
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	76,505	91,426
Bad debt expense	-	500
Change in assets and liabilities		
Grants receivable	2,999,547	(1,700,246)
Contracts receivable	(380,590)	356,651
Prepaid expenses	78,201	(201,258)
Deposits and other assets	(19,934)	3,465
Accounts payable	5,150	(125,938)
Other accrued liabilities	78,649	(138,984)
Net cash (used in) provided by operating activities	<u>(1,082,711)</u>	<u>571,358</u>
Cash flows from investing activity:		
Purchases of property and equipment	<u>(78,580)</u>	<u>(5,307)</u>
Net cash used in investing activity	<u>(78,580)</u>	<u>(5,307)</u>
Cash flows from financing activity:		
Payments made on capital leases	<u>(17,797)</u>	<u>(12,701)</u>
Net cash used in financing activity	<u>(17,797)</u>	<u>(12,701)</u>
Net (decrease) increase in cash and cash equivalents	(1,179,088)	553,350
Cash and cash equivalents, beginning of year	<u>2,562,248</u>	<u>2,008,898</u>
Cash and cash equivalents, end of year	<u>\$ 1,383,160</u>	<u>\$ 2,562,248</u>
Supplementary cash flow information:		
Cash paid during the year for interest	<u>\$ 6,747</u>	<u>\$ 10,673</u>
Schedule of noncash investing and financing activities:		
Property and equipment financed through a capital lease	<u>\$ 29,049</u>	<u>\$ -</u>

The accompanying notes are an integral  
part of these financial statements.

# POLICYLINK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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### 1. Organization and Nature of Activities

#### *Organization*

PolicyLink, founded in 1999, is a California nonprofit public benefit corporation.

PolicyLink is a national research and action institute advancing economic and social equity by Lifting Up What Works®. PolicyLink frames policy issues and priorities; analyzes policy options from the perspective of low-income people and communities of color; lifts up what is working at the local level; and offers policy recommendations to disseminate and implement local equity innovations. The ultimate goal of the equity frame and corresponding policy agenda is to build an equitable society in which all have the opportunity to participate and prosper. PolicyLink receives funding from other charitable organizations and foundations.

#### *Nature of Activities*

The following programs and supporting services are included in the accompanying financial statements:

**Center for Health Equity and Place (“CHEP”)** – is driven by the recognition that a neighborhood’s environment—its access to healthy food and opportunities for safe physical activity, the availability of jobs, public transit, and quality affordable housing—all affect our health. The CHEP equips advocates with the tools necessary to push for real change by providing technical assistance, strategies for shaping policy, communications training, and other resources. The *Regional and General Convergence*, the *Food Portal*, and *Building Sustainability* are a few significant projects carried out under this program.

**Center for Infrastructure Equity (“CIE”)** – advocates for fair and inclusive policies and provides community and grassroots leaders, advocates, and public officials with the tools, training, and consultation needed to ensure that public investments in infrastructure create economic opportunity and health in all communities. The main projects carried out under this program include the *Community Equity Initiative*, the *Sustainable Communities Initiative*, and the *Federal Transportation Equity Initiative*.

**Cradle to Career (“CC”)** – previously labeled Promise Neighborhoods Institute at PolicyLink this program encompasses multiple efforts such as *Boys and Men of Color*, *Campaign for Black Male Achievement*, *Community Centered Policing*, as well as the *Promise Neighborhoods Institute* at PolicyLink. These programs focus on connecting local resources to wrap children in education, health, and social supports from the cradle-to-college-to-career; providing communities with leadership and management coaching, communications strategy, capacity building, network building, and movement building that support their efforts to ensure that children and their families can live in communities of opportunity. Programs in this category work nationally as well as specifically within California to invest in the success of low income communities and boys and young men of color, not just as a matter of fairness and equality, but for the economic strength and competitiveness of the nation.

**Equitable Economy (“EE”)** – PolicyLink works with local and national partners to catalyze a new conversation about equity as an economic driver and advance policies and strategies to build an equitable economy: one in which everyone can participate, prosper, and reach their full potential. This work includes the *National Equity Atlas*, *Equity is the Superior Growth Model* and *Asset Building* programs. The Equitable Economy programs are designed to demonstrate the ways in which changing demographics in the US are the basis for enhancing the national economy if certain policies and programs are in place to support and expand the growth of equity in the future.

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**POLICYLINK**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2014

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**1. Organization and Nature of Activities, continued**

*Nature of Activities, continued*

**Other Programs** – Programs in this category include speaking engagements and related public activities in which PolicyLink presents and engages with other stakeholders across all areas of PolicyLink work, as well as general educational and research-based communications spanning a similarly broad set of issues and policy concerns. It also includes efforts to bring more leaders of color into the policymaking process and uses arts and culture as a means for inform, mobilize, and build communities. The *Arts, Culture, and Equitable Development* work explores how arts and culture offer a means for engaging communities in finding answers to the questions: who benefits, who pays, who decides. In tracking outcomes, equity is the measure for success — or course correction. Arts and culture are the tools to guide the implementation and to guarantee that all, especially people in communities of color and in low-income neighborhoods, have their voices heard.

**General and Administrative** – includes the functions necessary to support the programs; ensure an adequate working environment; provide coordination’s of PolicyLinks’ program strategy; secure proper administrative functioning of the management and board of directors; and manage the financial and budgetary responsibilities of PolicyLink.

**Fundraising** – provides the structure necessary to encourage and secure financial support from individuals, foundations, and corporations.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting and Presentation*

The financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

**Net Assets**

PolicyLink classifies its activities and net assets into three categories of unrestricted, temporarily restricted and permanently restricted.

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed restrictions or otherwise limited by contractual arrangements with outside parties, but may be designated for specific purposes by action of the board of directors.

**Temporarily Restricted Net Assets** – Net assets that are subject to donor-imposed restrictions that can be fulfilled either by actions of PolicyLink pursuant to donor restrictions or by the passage of time.

**Permanently Restricted Net Assets** – Net assets that are subject to donor-imposed restrictions that PolicyLink must maintain. Generally, the donors of these assets permit PolicyLink to use all or part of the income earned on related investments for general or specific purposes. At December 31, 2014, PolicyLink had no permanently restricted net assets.

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**POLICYLINK**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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**2. Summary of Significant Accounting Policies, continued**

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

***Grants Receivable***

Grants or contributions receivable that are expected to be collected within one year are recorded at net realizable value, which approximates fair value. Conditional grants or contributions are not included as support until the conditions are substantially met.

***Contracts Receivable***

Contracts receivable consist of amounts due from entities under fee for service agreements. At December 31, 2014, management believes these amounts are collectible; therefore, no allowance for doubtful accounts has been provided.

***Allowance for Doubtful Accounts***

In determining the adequacy of the allowance, management identifies specific receivables for which collection is not certain and estimates the potentially uncollectible amount based on the most recently available information. Receivables are written off when determined to be uncollectible. Payments subsequently received on such receivables are credited to the allowance for doubtful accounts. During the year ended December 31, 2014, PolicyLink had no allowance for doubtful accounts or uncollectible amounts.

***Property and Equipment***

PolicyLink capitalizes all property and equipment acquisitions in excess of \$1,000. Property and equipment purchased is recorded at cost. Contributed assets are stated at fair value at the date of donation. Maintenance and repairs are charged to expense as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related depreciation are removed from the accounts and any gain or loss is included in operations. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3 to 5 years
Leasehold improvements	Lesser of life of lease or useful life

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**POLICYLINK**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2014

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**2. Summary of Significant Accounting Policies, continued**

***Revenue Recognition***

**Grants and Contributions**

Grants and contributions, including certain government grants, are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the donor-imposed restrictions are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Contract Revenue**

Contract revenues, including certain government contracts, are earned when PolicyLink renders specific services and completes certain deliverables, pursuant to a reciprocal agreement entered into with a third party. Contract revenues are recognized as unrestricted net assets when the contracted services have been performed.

Certain contracts provide for an initial payment to be made to PolicyLink in advance, so as to provide funding to complete the objectives of the contract. Such advances are accounted for as a deferred revenue liability (see Note 6) until the related services have been rendered, at which point the liability is recognized as contract revenue.

**Donated Services**

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

***Income Taxes***

PolicyLink was incorporated under the laws of the State of California and granted tax-exempt status by the Internal Revenue Service (“IRS”) under Section 501(c)(3) and by the California Franchise Tax Board under Section 23701(d) of the California Revenue and Taxation Code. PolicyLink has been classified as an organization that is not a private foundation under Section 509(a)(1) and has been designated as a “publicly supported” organization under Section 170(b)(1)(A)(VI) of the Code. However, income from activities not related to its tax-exempt purpose may be subject to taxation as unrelated business income.

PolicyLink’s tax filings from 2010 to 2013 are presently subject to examination by the California Franchise Tax Board. Tax filings from 2011 to 2013 are presently subject to examination by the IRS.

***Functional Classification of Expenses***

Expenses such as salaries and benefits, travel, fees for services, occupancy costs, and depreciation are allocated among program services, general and administrative, and fund-raising classifications on the basis of time estimates, head counts, and other criteria determined by PolicyLink’s management.

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**POLICYLINK**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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**2. Summary of Significant Accounting Policies, continued**

***Fair Value Measurements***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. PolicyLink classifies its financial assets and liabilities according to the following hierarchy, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

*Level 1* – quoted prices in active markets for identical investments.

*Level 2* – other significant observable inputs (including quoted prices for similar instruments, interest rates, prepayment speeds, credit risk, etc.).

*Level 3* – significant unobservable inputs (including PolicyLink’s own assumptions in determining fair value instruments).

The valuation levels are not necessarily an indication of the risk or liquidity associated with the investments.

PolicyLink held \$89,047 of money market funds as of December 31, 2014, which are considered to be Level 1 assets.

***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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Summarized Financial Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with PolicyLink’s financial statements as of and for the year ended December 31, 2013, from which the summarized information was derived.

**3. Grants Receivable**

Management has determined that all grants receivable are collectible. The total amount of grants receivable at December 31, 2014 are expected to be collected as follows:

Receivable in less than one year	<u><u>\$ 2,436,959</u></u>
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**POLICYLINK**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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**4. Property and Equipment**

Property and equipment consisted of the following as of December 31, 2014:

Furniture and equipment	\$ 564,835
Leasehold improvements	<u>381,889</u>
	946,724
Less accumulated depreciation and amortization	<u>(815,987)</u>
Net property and equipment	<u><u>\$ 130,737</u></u>

For the year ended December 31, 2014, PolicyLink recorded \$76,505 of depreciation and amortization expense.

**5. Line of Credit**

In April 2014, PolicyLink renewed its existing \$1,000,000 revolving line of credit (the "Line") expiring in April 2015. During the year ended December 31, 2014, PolicyLink did not borrow any funds against the Line and the outstanding balance at December 31, 2014 was zero. Interest on the Line is based on the prime rate as published in the Wall Street Journal, (3.25% at December 31, 2014) plus 1.75% (currently 5%). The line is collateralized by all property and equipment, and receivables of PolicyLink. PolicyLink was in compliance with all financial covenants as of December 31, 2014. Subsequent to year end the line of credit was extended with the same terms until April 21, 2016.

**6. Other Accrued Liabilities**

Other accrued liabilities consisted of the following at December 31, 2014:

Vacation	\$ 294,196
Payroll and related expenses	22,506
Consultants	77,034
Deferred rent liability	50,218
Capital lease obligations	29,513
Deferred revenue	<u>114,243</u>
	<u><u>\$ 587,710</u></u>

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**POLICYLINK**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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**7. Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of the following at December 31, 2014:

Center for Health, Equity and Place	\$ 952,814
Center for Infrastructure Equity	843,072
Cradle to Career	772,299
Equitable Economy	452,088
Other Programs	<u>967,262</u>
Total	<u>\$ 3,987,535</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purposes specified by donors as follows for the year ended December 31, 2014:

Center for Health, Equity and Place	\$ 1,706,538
Center for Infrastructure Equity	990,907
Cradle to Career	1,780,847
Equitable Economy	1,235,496
Other Programs	<u>394,170</u>
Total	<u>\$ 6,107,958</u>

**8. Retirement Plan**

PolicyLink has a contributory 401(k) plan for all eligible employees. Contributions are based on 4% of each eligible participant's compensation for the plan year, regardless of whether the participant made 401(k) contributions. In addition, PolicyLink will match the eligible participant's contributions up to 2% of his/her compensation. Retirement plan expense for the year ended December 31, 2014 amounted to \$321,621.

**9. Concentrations of Credit Risk**

***Cash and Cash Equivalents***

PolicyLink maintains cash and cash equivalents at high-quality financial institutions and a brokerage firm. Accounts at each institution are insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation. At times, balances may exceed insured limits.

***Significant Sources of Funding***

**Contracts**

At December 31, 2014, two foundations represented 99% of total contracts receivable. For 2014, two foundations represented 72% of the total government grants and contracts and contracts revenue.

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**POLICYLINK**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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**9. Concentrations of Credit Risk**, continued

*Significant Sources of Funding*, continued

**Grants and Contributions**

Five foundations represented 89% of the grants receivable at December 31, 2014 and three foundations represented 58% of total grants and contributions revenue for 2014.

**10. Commitments and Contingencies**

*Lease Commitments*

PolicyLink leases office space in California, Washington D.C., and New York under operating leases with various terms through 2020. Future minimum payments, by year and in aggregate under these leases with initial or remaining terms of one year or more as of December 31, 2014 consist of the following:

Year ending December 31:	
2015	\$ 459,271
2016	556,693
2017	446,017
2018	398,506
2019	410,463
Thereafter	<u>281,144</u>
Total minimum lease payments	<u>\$ 2,552,094</u>

Rent expense under operating leases for the year ended December 31, 2014 amounted to \$576,451.

*Hotel Commitment*

As of December 31, 2014, PolicyLink held an agreement with one hotel for accommodations for the Equity Summit in 2015, whereas PolicyLink would be liable for fees of up to \$75,000, if it cancels the agreement. PolicyLink currently has recorded a deposit for the event of \$50,000 included in deposits and other assets on the Statement of Financial Position.

**11. Related Party Transactions**

PolicyLink has an agreement with Center for the Study of Social Policy (“CSSP”) to compensate CSSP for work done in support of the Promise Neighborhoods Institute. The Chair of PolicyLink’s Board of Directors is also a CSSP employee. This employee did not and will not receive any compensation from the above mentioned contract. PolicyLink paid \$124,669 for these services during the year ended December 31, 2014.

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# POLICYLINK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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### 11. Related Party Transactions, continued

The President and CEO of the Harlem Children Zone is also a member of PolicyLink's Board of Directors. PolicyLink paid \$259,739 to Harlem Children's Zone for work done in support of the Promise Neighborhoods Institute during 2014. In 2014, PolicyLink had \$100,000 payable to Harlem Children's Zone.

During 2014, PolicyLink paid a total of \$112,500 to the Program for Environmental and Regional Equity ("PERE"), which is part of the University of Southern California. The Director of PERE is also a member of PolicyLink's Board of Directors. At December 31, 2014, PolicyLink had an accrued payable of \$138,673 to PERE.

### 12. Subsequent Events

PolicyLink evaluated subsequent events for recognition and disclosure through September 24, 2015, the date which these financial statements were available to be issued. Other than the extension of the line of credit in Note 9, management concluded that no material subsequent events have occurred since December 31, 2014 that required recognition or disclosure in such financial statements