

POLICYLINK

FINANCIAL STATEMENTS

December 31, 2013
(with summarized financial information for 2012)



POLICYLINK

C O N T E N T S

	Page
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6–14

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, 2013, 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.

Auditor's 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 auditor's 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, 2013, 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 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.



San Francisco, California
August 14, 2014

POLICYLINK

STATEMENT OF FINANCIAL POSITION

For the year ended December 31, 2013
(with summarized financial information as of December 31, 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 2,562,248	\$ 2,008,898
Grants receivable, net	5,436,506	3,736,760
Contracts receivable	641,663	998,314
Prepaid expenses	369,358	168,100
Deposits and other assets	59,265	62,730
Property and equipment, net	<u>99,613</u>	<u>185,732</u>
Total assets	<u>\$ 9,168,653</u>	<u>\$ 7,160,534</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 682,089	\$ 808,027
Other accrued liabilities	<u>497,809</u>	<u>649,494</u>
Total liabilities	<u>1,179,898</u>	<u>1,457,521</u>
Net assets:		
Unrestricted net assets	67,133	53,423
Temporarily restricted net assets	<u>7,921,622</u>	<u>5,649,590</u>
Total net assets	<u>7,988,755</u>	<u>5,703,013</u>
Total liabilities and net assets	<u>\$ 9,168,653</u>	<u>\$ 7,160,534</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, 2013
(with summarized financial information for the year ended December 31, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
Support and revenues:				
Grants and contributions	\$ 6,387,341	\$ 6,955,501	\$ 13,342,842	\$ 11,836,572
Contracts	1,691,349	-	1,691,349	1,521,023
Government grants and contracts	336,376	-	336,376	789,067
Earned income and honoraria	60,835	-	60,835	67,069
Other income	233	-	233	3,706
Net assets released from restrictions	<u>4,683,469</u>	<u>(4,683,469)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>13,159,603</u>	<u>2,272,032</u>	<u>15,431,635</u>	<u>14,217,437</u>
Expenses:				
Program services	11,845,907	-	11,845,907	11,653,046
General and administrative	827,819	-	827,819	1,342,169
Fundraising	<u>472,167</u>	<u>-</u>	<u>472,167</u>	<u>503,639</u>
Total expenses	<u>13,145,893</u>	<u>-</u>	<u>13,145,893</u>	<u>13,498,854</u>
Change in net assets	13,710	2,272,032	2,285,742	718,583
Net assets, beginning of year	<u>53,423</u>	<u>5,649,590</u>	<u>5,703,013</u>	<u>4,984,430</u>
Net assets, end of year	<u>\$ 67,133</u>	<u>\$ 7,921,622</u>	<u>\$ 7,988,755</u>	<u>\$ 5,703,013</u>

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

POLICYLINK

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2013
(with summarized financial information for the year ended December 31, 2012)

	2013				2012 Total
	Program Services	Support Services		Total	
		General and Administrative	Fundraising		
Expenses:					
Salaries and benefits	\$ 6,703,220	\$ 571,332	\$ 416,825	\$ 7,691,377	\$ 7,088,658
Temporary agencies and casual labor	295,303	6,980	201	302,484	225,700
Other fees for services	2,382,177	4,345	1,498	2,388,020	3,545,995
Professional fees	7,689	108,857	-	116,546	81,090
Advertising and promotion	-	-	-	-	3,799
Bad debts	451	31	18	500	-
Travel	750,619	45,060	6,704	802,383	887,868
Conferences, conventions, and meetings	212,543	828	393	213,764	20,416
Depreciation	82,385	5,757	3,284	91,426	87,832
Equipment rental and maintenance	29,179	5,129	2,299	36,607	54,788
Sponsorships	5,220	-	-	5,220	18,025
Software and computer supplies	417,749	3,979	5,536	427,264	424,967
Insurance	8,473	5,738	338	14,549	9,336
Interest	10	10,663	-	10,673	13,028
Occupancy	581,532	39,816	22,710	644,058	627,654
Other	6,052	2,763	242	9,057	12,420
Postage and shipping	15,762	1,446	2,020	19,228	25,022
Printing and publications	73,552	1,164	1,897	76,613	100,996
Supplies	45,213	3,402	2,182	50,797	76,733
Telephone	228,778	10,529	6,020	245,327	194,527
 Total expenses	 <u>\$ 11,845,907</u>	 <u>\$ 827,819</u>	 <u>\$ 472,167</u>	 <u>\$ 13,145,893</u>	 <u>\$ 13,498,854</u>

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

POLICYLINK

STATEMENT OF CASH FLOWS

For the year ended December 31, 2013
(with summarized financial information for the year ended December 31, 2012)

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 2,285,742	\$ 718,583
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	91,426	87,832
Amortization of discount on promises to give	-	(31,605)
Bad debt expense	500	-
Change in assets and liabilities		
Grants receivable, net	(1,700,246)	(1,212,475)
Contracts receivable	356,651	(521,572)
Prepaid expenses	(201,258)	52,363
Deposits and other assets	3,465	21,258
Accounts payable	(125,938)	444,230
Other accrued liabilities	(138,984)	152,235
Net cash provided by (used in) operating activities	571,358	(289,151)
Cash flows from investing activities:		
Purchases of property and equipment	(5,307)	(29,711)
Proceeds from sale and maturities of investments	-	101,339
Net cash (used in) provided by investing activities	(5,307)	71,628
Cash flows from financing activity:		
Payments made on capital leases	(12,701)	(15,902)
Net cash used in financing activity	(12,701)	(15,902)
Net increase (decrease) in cash and cash equivalents	553,350	(233,425)
Cash and cash equivalents, beginning of year	2,008,898	2,242,323
Cash and cash equivalents, end of year	\$ 2,562,248	\$ 2,008,898
Supplementary cash flow information:		
Cash paid during the year for interest	\$ 10,673	\$ 13,028
Schedule of noncash investing and financing activities:		
Property and equipment financed through a capital lease	\$ -	\$ 23,449

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

POLICYLINK

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 *Boys and Men of Color*, 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*.

Promise Neighborhoods Institute (PNI) - provides guidance and support to grant-recipients of the federal Promise Neighborhood program as well as communities interested in creating Promise Neighborhoods even without federal funding. A Promise Neighborhood is a community of opportunity, centered around strong schools, that allows children to learn, grow, and succeed by wrapping children in high-quality, coordinated health, social, community, and educational programs from the cradle to college to career.

Equity is the Superior Growth Model (ESGM) - is a body of work driven by data and demographic analysis that is applied to the development of policy proposals and strategy development to secure opportunity for all, including people in low income communities and communities of color. The ESGM 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.

Continued

POLICYLINK
NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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

Nature of Activities, continued

Other Programs - include efforts to bring more leaders of color into the policymaking process and uses arts and culture as means to inform, mobilize, and build communities. Activities to provide tools and techniques to others seeking to help people in low income communities and people of color include asset building strategies; working with immigration rights organizations to use polling techniques to determine the impact policing strategies in local communities; supporting the work of advocates seeking to provide better outcomes in the lives of boys and men of color in general and black males specifically; and seeking new and creative ways to develop jobs and influence the built environment. The *Asset Building*, the *Institute for Black Male Achievement*, and the *Equity Through Arts, Culture, and Placemaking Initiative* are the three main projects that make up other programs.

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, 2013, PolicyLink had no permanently restricted net assets.

Continued

POLICYLINK
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

2. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with 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, 2013, 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, 2013, 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

Continued

POLICYLINK
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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 a deferred revenue liability (see Note 5) 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. Donated services for 2013 consisted of a contractor's work on the *Capacity Building for Sustainable Communities* project in the amount of \$42,270.

Income Taxes

PolicyLink was incorporated under the laws of the State of California and granted tax-exempt status by the Internal Revenue Service 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 follows the guidance for uncertain tax positions. Management has concluded there are no uncertain tax positions at December 31, 2013.

PolicyLink's tax filings from 2009 to 2012 are presently subject to examination by the California Franchise Tax Board. Tax filings from 2010 to 2012 are presently subject to examination by the IRS.

Continued

POLICYLINK
NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2. Summary of Significant Accounting Policies, continued

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.

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 \$89,189 of money market funds as of December 31, 2013, 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 (GAAP). Accordingly, such information should be read in conjunction with PolicyLink's financial statements as of and for the year ended December 31, 2012, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year presented have been reclassified to conform to the current year financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

Continued

POLICYLINK
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. Grants Receivable

Management has determined that all grants receivable are collectible. Total amount of grants receivable at December 31, 2013 are expected to be collected as follows:

Receivable in less than one year	\$ 5,036,506
Receivable in one to five years	<u>400,000</u>
Total grants receivable	<u><u>\$ 5,436,506</u></u>

4. Property and Equipment

Property and equipment consisted of the following as of December 31, 2013:

Furniture and equipment	\$ 595,513
Leasehold improvements	<u>329,589</u>
	925,102
Less accumulated depreciation and amortization	<u>(825,489)</u>
Net property and equipment	<u><u>\$ 99,613</u></u>

For the year ended December 31, 2013 PolicyLink recorded \$91,426 of depreciation and amortization expense.

5. Other Accrued Liabilities

Other accrued liabilities consisted of the following at December 31, 2013:

Vacation	\$ 280,743
Payroll and related expenses	46,422
Consultants	81,110
Deferred rent liability	51,272
Capital lease obligations	18,262
Deferred revenue	<u>20,000</u>
	<u><u>\$ 497,809</u></u>

Continued

POLICYLINK
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2013:

Center for Health, Equity and Place	\$ 3,363,536
Center for Infrastructure Equity	1,305,907
Equity is the Superior Growth Model	808,845
Promise Neighborhoods Institute at PolicyLink	1,170,914
Asset Building	330,000
Equity Through Arts, Culture and Placemaking Initiative	640,420
Other Programs	<u>302,000</u>
Total	<u><u>\$ 7,921,622</u></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, 2013:

Center for Health, Equity and Place	\$ 2,237,697
Center for Infrastructure Equity	495,510
Equity is the Superior Growth Model	266,862
Promise Neighborhoods Institute at PolicyLink	573,613
Asset Building	585,000
Other Programs	<u>524,787</u>
Total	<u><u>\$ 4,683,469</u></u>

7. 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, 2013 amounted to \$300,330.

8. Concentrations of Credit Risk

Cash and Cash Equivalents

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

Continued

POLICYLINK
NOTES TO FINANCIAL STATEMENTS

December 31, 2013

8. Concentrations of Credit Risk, continued

Significant Sources of Funding, continued

Contracts

At December 31, 2013, three foundations represented 81% of total contracts receivable. For 2013, two foundations represented 67% of the total “Government Grants and Contracts” and “Contracts” revenue.

Grants and Contributions

Five foundations represented 83% of the grants receivable at December 31, 2013 and four foundations represented 60% of total grants and contributions revenue for 2013.

9. Line of Credit

In March 2013, PolicyLink renewed its existing \$1,000,000 revolving line of credit (the Line). During the year ended December 31, 2013, PolicyLink did not borrow any funds against the Line and the outstanding balance at December 31, 2013 was zero. Interest on the Line is based on the prime rate as published in the Wall Street Journal, (3.25% at December 31, 2013) plus 1.75% (currently 5%). PolicyLink was in compliance with all financial covenants as of December 31, 2013. In March 2014, the Line was extended through April 2015.

10. Commitments and Contingencies

Lease Commitments

PolicyLink leases office space in California, Washington D.C., and New York under operating leases with various terms. 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, 2013 consist of the following:

Year ending December 31:	
2014	\$ 419,204
2015	185,524
2016	181,068
2017	<u>59,122</u>
Total minimum lease payments	<u>\$ 844,918</u>

Rent expense under operating leases for the year ended December 31, 2013 amounted to \$594,261.

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 \$633,718 for these services during 2013 and \$32,149 is payable as of December 31, 2013.

Continued

POLICYLINK

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

11. Related Party Transactions, continued

The President and CEO of the Harlem Children's Zone is also a member of PolicyLink's Board of Directors. PolicyLink paid \$125,261 to Harlem Children's Zone for work done in support of the Promise Neighborhoods Institute during 2013. In 2013, PolicyLink had \$259,739 payable to Harlem Children's Zone, which represented 22% of the total balances of accounts payable and other accrued liabilities on the statement of financial position at December 31, 2013.

During 2013, PolicyLink paid a total of \$213,315 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, 2013, PolicyLink had an accrued payable of \$112,500 to PERE.

12. Subsequent Events

PolicyLink evaluated subsequent events for recognition and disclosure through August 14, 2014, 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, 2013 that required recognition or disclosure in such financial statements.