PolicyLink

and

PolicyLink Equity Action Network

Consolidated Financial Statements

December 31, 2024
(With Comparative Totals for 2023)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
PolicyLink and PolicyLink Equity Action Network

Opinion

We have audited the accompanying consolidated financial statements of PolicyLink and PolicyLink Equity Action Network (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PolicyLink and PolicyLink Equity Action Network as of December 31, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PolicyLink and PolicyLink Equity Action Network and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PolicyLink and PolicyLink Equity Action Network's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 for 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 consolidated 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 consolidated 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 consolidated 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 PolicyLink and PolicyLink Equity Action Network'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PolicyLink and PolicyLink Equity Action Network'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.

Report on Summarized Comparative Information

We have previously audited PolicyLink and PolicyLink Equity Action Network's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 25, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Armanino LLP

San Francisco, California

May 29, 2025

PolicyLink and PolicyLink Equity Action Network
Consolidated Statement of Financial Position
December 31, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	$ 17,278,829	$ 18,631,403
Investments	84,650,628	79,723,444
Contributions and grants receivable, net	8,468,202	22,699,447
Accounts receivable	213,962	165,594
Prepaid expenses	729,204	594,715
Other assets	109,282	7,182
Operating lease right-of-use assets	1,902,238	2,779,142
Property and equipment, net	2,546,205	3,204,240
Intangible assets, net	-	21,589
Total assets	$ 115,898,550	$ 127,826,756
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 1,102,693	$ 2,191,031
Deferred revenue	29,169	7,143
Other accrued expenses	1,449,307	2,668,232
Operating lease liability	2,070,886	3,028,380
Total liabilities	4,652,055	7,894,786
Net assets		
Without donor restrictions		
Undesignated	50,973,457	44,291,204
Board-designated - CEO Fund	28,173,082	19,041,685
Board-designated - other funds	10,832,310	10,741,887
Total without donor restrictions	89,978,849	74,074,776
With donor restrictions	21,267,646	45,857,194
Total net assets	111,246,495	119,931,970
Total liabilities and net assets	$ 115,898,550	$ 127,826,756

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

PolicyLink and PolicyLink Equity Action Network
Consolidated Statement of Activities
For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Support, revenues, and gains (losses)				
Grants and contributions	$ 21,007,728	$ 21,399,727	$ 42,407,455	$ 61,922,052
Program service fees	1,335,743	-	1,335,743	1,230,810
In-kind contributions	-	-	-	268,002
Investment income (loss), net	5,627,688	-	5,627,688	4,796,284
Other revenue and gains (losses), net	(47)	-	(47)	7,484
Net assets released from restrictions	45,989,275	(45,989,275)	-	-
Total support, revenues, and gains (losses), net	73,960,387	(24,589,548)	49,370,839	68,224,632
Functional expenses				
Program services				
Thriving Communities	9,357,263	-	9,357,263	5,892,522
Flourishing Democracy	4,204,396	-	4,204,396	3,567,617
Equitable Economy	2,968,671	-	2,968,671	2,270,949
Crosscutting Strategies	31,849,022	-	31,849,022	25,029,457
Total program services	48,379,352	-	48,379,352	36,760,545
Support services				
Management and general	7,210,269	-	7,210,269	6,063,060
Fundraising	2,466,693	-	2,466,693	1,506,997
Total support services	9,676,962	-	9,676,962	7,570,057
Total functional expenses	58,056,314	-	58,056,314	44,330,602
Change in net assets	15,904,073	(24,589,548)	(8,685,475)	23,894,030
Net assets, beginning of year	74,074,776	45,857,194	119,931,970	96,037,940
Net assets, end of year	$ 89,978,849	$ 21,267,646	$111,246,495	$119,931,970

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

PolicyLink and PolicyLink Equity Action Network
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

	Thriving Communities	Flourishing Democracy	Equitable Economy	Crosscutting Strategies	Total Program Services	Management and General	Fundraising	2024 Total	2023 Total
Salaries and wages	$ 3,557,339	$ 746,200	$ 538,155	$ 6,141,641	$ 10,983,335	$ 2,839,710	$ 1,239,281	$ 15,062,326	$ 13,025,452
Other employee benefits	477,238	83,363	61,056	934,014	1,555,671	417,781	173,035	2,146,487	1,795,313
Payroll taxes	301,963	46,934	40,676	430,363	819,936	186,244	74,054	1,080,234	908,672
Retirement contributions	198,855	41,011	31,484	340,745	612,095	155,561	64,280	831,936	730,952
Professional services	1,347,210	2,741,710	1,695,420	5,186,348	10,970,688	1,964,042	595,621	13,530,351	12,851,999
Grants and assistance to others	2,009,100	150,110	461,000	10,861,419	13,481,629	-	-	13,481,629	9,326,024
Travel, meals, conferences, and meetings	736,810	277,879	28,112	6,414,628	7,457,429	200,691	122,526	7,780,646	1,911,326
Occupancy	285,869	46,182	41,120	416,477	789,648	175,922	62,957	1,028,527	1,015,568
Information technology	94,286	15,459	13,626	563,693	687,064	201,635	29,555	918,254	1,026,556
Depreciation and amortization	229,021	37,168	33,128	340,859	640,176	141,182	50,632	831,990	394,039
Uncollectible receivables	-	-	-	-	-	635,700	-	635,700	327,413
Office expenses	88,368	11,891	16,197	168,052	284,508	88,134	47,534	420,176	740,530
Insurance	-	-	-	-	-	154,680	-	154,680	142,808
Telecommunications	28,932	6,183	4,804	46,667	86,586	22,231	6,552	115,369	98,819
Bank charges	-	-	-	-	-	23,572	-	23,572	5,373
Equipment rental and maintenance	2,272	306	273	2,866	5,717	1,165	416	7,298	27,425
Advertising and promotion	-	-	3,620	1,250	4,870	2,019	250	7,139	2,333
	$ 9,357,263	$ 4,204,396	$ 2,968,671	$ 31,849,022	$ 48,379,352	$ 7,210,269	$ 2,466,693	$ 58,056,314	$ 44,330,602

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

PolicyLink and PolicyLink Equity Action Network
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	$ (8,685,475)	$ 23,894,030
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	831,990	394,039
Losses on disposal of assets	247	-
Net realized and unrealized gains on investments	(1,353,576)	(1,767,461)
Transfer of SAFE agreements	-	1,335,000
Amortization of operating lease right-of-use assets	876,904	883,061
In-kind donations of property and equipment	-	(61,863)
Grant of intangible assets	13,856	-
Changes in operating assets and liabilities		
Contributions and grants receivable, net	14,231,245	(6,438,011)
Accounts receivable	(48,368)	159,734
Prepaid expenses	(134,489)	235,379
Other assets	(102,100)	93,653
Accounts payable	(1,088,338)	(1,249,944)
Deferred revenue	22,026	(67,857)
Other accrued expenses	(1,218,925)	(4,873,078)
Operating lease liability	(957,494)	(916,726)
Net cash provided by operating activities	2,387,503	11,619,956
Cash flows from investing activities		
Purchases of property and equipment	(166,469)	(1,392,299)
Purchases of investments	(135,075,606)	(152,084,850)
Proceeds from sale of investments	131,501,998	144,354,163
Purchases of intangible assets	-	(23,200)
Net cash used in investing activities	(3,740,077)	(9,146,186)
Net increase (decrease) in cash and cash equivalents	(1,352,574)	2,473,770
Cash and cash equivalents, beginning of year	18,631,403	16,157,633
Cash and cash equivalents, end of year	$ 17,278,829	$ 18,631,403

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

1. NATURE OF OPERATIONS

Organization

PolicyLink, founded in 1998, is a California nonprofit public benefit corporation organized under Section 501(c)(3) of the Internal Revenue Code. PolicyLink is a national research and action institute working to build a future where all people in the United States of America can participate in a flourishing multiracial democracy, prosper in an equitable economy, and live in thriving communities of opportunity. PolicyLink advocates for groundbreaking policy and practice changes using a results framework focused on creating a nation that works for all.

PolicyLink Equity Action Network (the "Network"), founded in 2015, is a California nonprofit public benefit corporation organized under section 501(c)(4) of the Internal Revenue Code. The Network was formed to advance equity initiatives at local, state, and federal levels of government.

Nature of activities

Program activities in the accompanying consolidated financial statements are grouped into four portfolios of work:

Thriving Communities - The Thriving Communities portfolio aims to create communities where all children and families prosper through equitable infrastructure, affordable housing, quality education, human services delivery, and clean water. Thriving Communities honor the dignity of every person, promote physical and economic mobility, and protect residents from legal and environmental harm.

Flourishing Democracy - The Flourishing Democracy portfolio aims to build towards a flourishing democracy fueled by governing standards that advance the power and well-being of all people in all places—governing for all. This includes establishing government bodies and governing structures that can advance and protect human, social, environmental, spatial, and political rights.

Equitable Economy - The Equitable Economy portfolio aims to create an economy in which all people have good jobs, dignified and rising standards of living, and increased voice, power, and ownership. This work focuses on establishing standards—particularly corporate and industrial policy standards—designed to ensure the market serves all people, where the government produces and regulates the flow of money as commodity that is available to all, where work is honored with compensation that affords self-determination and mobility, and where wealth produced by the many is enjoyed by the many.

Crosscutting Strategies - The Crosscutting Strategies portfolio includes initiatives that provide an underlying service to all areas of PolicyLink’s work, creating an enabling environment for policy change, supporting and growing the equity movement, and building new alliances and partnerships. These include:

1. NATURE OF OPERATIONS (continued)

Nature of activities (continued)

a. *Data + Research* - Developing data and research to equip community leaders and policymakers with the tools necessary to advance equitable growth and to inform community action.

b. *Communications* - Establishing a national voice—through narrative, arts, and culture—to advance policy and catalyze the imagination necessary to envision alternative futures and build the will to make them real.

c. *Impact* - Leveraging results-based accountability to measure the effectiveness of our work and drive continuous improvement of our programs and internal operations.

d. *Other Programs* - Included here are: the Equity Summit—held every few years—which assembles thousands of leaders to co-design and chart the course of the equity movement; fiscal sponsorship of projects aligned with PolicyLink's mission; our podcasts; and consulting engagements.

Supporting activities in the accompanying consolidated financial statements include the following:

Management and General - Centering operational excellence, this includes the functions critical to: ensure a supportive working environment that centers love and accountability; provide the coordination of organizational strategy; properly implement the directives of the Board of Directors (the "Board"); manage the financial and budgetary responsibilities of the organization; and build and protect an enduring institution in a manner consistent with the rules and regulations that govern nonprofit organizations.

Fundraising - Securing the financial resources necessary for PolicyLink to achieve its mission. Funding comes from three primary sources: not-for-profit organizations, for-profit organizations, and individuals, via contributions and program service revenue. That funding provides capital for current activities in addition to reserve and growth funds to ensure the long-term sustainability critical to delivering on PolicyLink's mission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The accompanying consolidated financial statements include the accounts of PolicyLink and PolicyLink Equity Action Network (collectively, the "Organization"). All intercompany balances and transactions have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation

The accompanying consolidated financial statement have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The Organization reports information regarding its financial position and activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* - represent resources which have not been specifically restricted by a donor. Net assets without donor restrictions may be designated for specific purposes by the Organization, such as board-designated net assets, or may be limited by contractual agreements with outside parties.

- *Net assets with donor restrictions* - represent contributions and grants whose use is limited by donor- imposed stipulations that expire with the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations and those net assets to be held in perpetuity. When a donor restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restriction.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with original maturities of three months or less, donor restricted receipts and amounts designated for long-term purposes. The Organization maintains its cash in bank deposit accounts which, at time, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Investments

Short-term investments and marketable securities include mutual funds, exchange-traded funds and investment-grade government bonds.

Investment securities are exposed to various risks such as changes in interest rates or credit and market fluctuations. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair-value measurements

Fair-value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants at the measurement date. The Organization has characterized the fair-value of its assets, based on the priority of the inputs used to value the assets, into a three-level, fair value hierarchy. The fair-value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair-value measurement of the asset.

Assets recorded in the consolidated statement of financial position are categorized based on the inputs to valuation techniques as follows:

- *Level 1* - Values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to assess.
- *Level 2* - Values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investment.
- *Level 3* - Values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the assumptions of management about assumptions market participants would use in pricing the investments.

Accounts receivable

Accounts receivable consists of amounts due from entities under fee-for-service agreements. Management believes these amounts to be fully collectible as of December 31, 2024 and, therefore, has provided no allowance for credit losses. 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. Management writes off receivables when it deems them to be uncollectible.

Property and equipment

Property and equipment are recorded at cost if purchased, or if donated, at the estimated fair value on the date of the donation. The Organization generally capitalizes property and equipment with a cost greater than $5,000 and an estimated useful life in excess of one year. Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the Organization, using its best estimates and projections, reviews the carrying value of long-lived identifiable assets to be held and used in the future for impairment. The Organization records impairment losses when determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Leasehold improvements	3-8 years
Office equipment	3-7 years

Intangible assets

Intangible assets represent websites that the Organization has purchased that have an estimated economic life of three years. Amortization is calculated using the straight-line method over the estimated economic life of the intangible assets.

Leases

The Organization leases office space and equipment under operating leases. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the consolidated statement of financial position. The Organization does not have any finance leases.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's lease does not provide an implicit rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise. The Organization does not have any short-term leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program service fees revenue

The Organization recognizes program service fees revenue as earned when it renders specific services and completes certain deliverables in accordance with an agreement under which it performs services for another party in return for valuable consideration. The Organization recognizes program service fee revenue as net assets without donor restrictions when it earns such revenue.

Certain agreements provide for the counterparty to make an initial payment to PolicyLink, in advance, to fund the Organization's performance of services contemplated under those agreements. PolicyLink accounts for such advances as deferred revenue until it has rendered the related services, at which point it converts the liability into program service fee revenue.

Grants and contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met. At December 31, 2024, the Organization has approximately $13,300,000 of conditional contributions that have been committed, but not yet recognized because the conditions have not been met.

Donor-restricted contributions are reported as increases in net assets without donor restrictions if the restrictions have been met in the current year. If the restriction has not been met by year end, the amount is reported as an increase in net assets with donor restrictions. When the restriction is met, the amount is shown as a reclassification from net assets with donor restrictions to net assets without donor restrictions. Contributions to be received after fiscal year-end are recorded at the present value of their estimated future cash flows. The discount on these amounts is computed using risk-adjusted market interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is established based upon management's judgment including such factors as prior collection history, aging statistics of contributions, and the nature of the receivable. At December 31, 2024, there was no allowance for uncollectible contributions as management considered all balances fully-collectible.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenue within the net asset class without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as revenue within the net asset class with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind contributions

In-kind contributions consist of donated goods and services and are recorded as contributions based on the estimated fair value at the date the contribution is made. Donated services are recorded as contributions at their estimated fair value only in those instances in which they enhance non-financial assets or the Organization would have acquired such services if they had not been donated, require special skills, and are provided by individuals with those skills.

Advertising costs

The Organization expenses advertising costs as incurred. Advertising costs for the year ended December 31, 2024 totaled $7,139.

Income tax

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Sections 501(c)(3) and 501(c)(4) and the California Revenue and Taxation Code Sections 23701d and 23701f. The Organization has evaluated its current tax positions as of December 31, 2024 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

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 the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of support, revenue (losses), and expenses during the period. Accordingly, actual results could differ from those estimates.

Functional classification of expenses

The Organization allocates all direct expense attributable to individual functions relating to program and supporting services. The Organization allocates expenses—including, but not limited to salaries and benefits, travel, fees for services, occupancy costs, and depreciation—that benefits more than one function (one or more program services, general and administrative, or fundraising) to those functions on the basis of time estimates, full-time employee equivalents, and other criteria.

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional promises to give, which are not expected to be collected until after the year promised, are reflected in the accompanying consolidated financial statements as contributions and grants receivable and revenue in the appropriate net asset category.

Contributions and grants receivable, net consisted of the following:

Receivables due in less than one year	$ 8,410,788
Receivables due in two to five years	230,774
	8,641,562
Less discounts to present value	(173,360)
	$ 8,468,202

4. INVESTMENTS AND FAIR VALUE

Investments consisted of the following at December 31, 2024:

U.S. Treasury Bills	$ 68,314,199
Mutual Funds	11,378,261
Exchange-Traded Funds	4,958,168
	$ 84,650,628

Net investment income consisted of the following for the year ended December 31, 2024:

Interest	$ 3,070,679
Dividends and other distributions	1,294,553
Realized and unrealized gain	1,353,576
Investment fees	(91,120)
	$ 5,627,688

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Fair Value
U.S. Treasury Bills	$ -	$ 68,314,199	$ -	$ 68,314,199
Mutual Funds	11,378,261	-	-	11,378,261
Exchange-Traded Funds	4,958,168	-	-	4,958,168
	$ 16,336,429	$ 68,314,199	$ -	$ 84,650,628

5. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

Office equipment	$ 846,291
Leasehold improvements	2,927,348
	3,773,639
Accumulated depreciation	(1,227,434)
	$ 2,546,205

Depreciation expense for the year ended December 31, 2024 totaled $824,257.

6. INTANGIBLE ASSETS

Intangible assets consisted of website costs. Intangible assets were fully amortized during the year ended December 31, 2024. Amortization expense for the year ended December 31, 2024 totaled $7,733.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Thriving Communities	$ 6,382,543
Flourishing Democracy	2,032,702
Equitable Economy	1,459,184
Crosscutting Strategies	2,372,902
Operations and Communications	107,381
General support - time restricted	8,912,934
	$ 21,267,646

Net assets with donor restrictions released from restriction during the year were as follows:

Thriving Communities	$ 10,420,899
Flourishing Democracy	1,355,144
Equitable Economy	2,049,697
Crosscutting Strategies	5,572,049
Fiscal sponsee	11,034,887
Operations and Communications	142,619
General support - time restricted	15,413,980
	$ 45,989,275

7. NET ASSETS WITH DONOR RESTRICTIONS (continued)

The Organization entered into fiscal sponsorship agreements to serve as the fiscal sponsor for various projects related to the Organization's mission. During 2023, the Organization completed a separation agreement for the Black Ambition project by transferring the project's assets to Black Ambition Opportunity, Inc. and entered into a separation agreement for the Liberation in a Generation project. During 2024, the Organization completed the separation agreement for the Liberation in a Generation project by transferring the project's assets to Liberation in a Generation, Inc., entered into and completed a separation agreement for the Liberation in a Generation Action project by transferring the project's assets to Liberation in a Generation Action, Inc., and entered into a separation agreement for the Liberation Ventures project anticipated to be completed in 2025.

8. BOARD-DESIGNATED FUNDS

The Board established the Reserve Fund, Growth Fund, and CEO Fund to ensure the stability of the mission, programs, personnel, and ongoing operations of the Organization and to provide sources of internal funds for capacity building.

The Reserve Fund is intended for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. Management replenishes any Reserve Fund assets it uses within a reasonably short period of time as the Board, at its sole discretion, may determine. The Reserve Fund is board-designated. The Board may, from time to time, direct management to set aside a specific source of operating revenue to augment the Reserve Fund and has authorized certain members of management to use Reserve Fund assets so long as such use is consistent with the purpose of the Reserve Fund. The Board must approve the use of Reserve Fund assets in any amount over $300,000 and requires management to report to the Board all uses of Reserve Fund assets. Management's report to the Board must include specific plans to replenish the Reserve Fund to its balance prior to all such uses. The Reserve Fund is intended to operate in perpetuity.

The Growth Fund is a board-designated fund intended for capacity building including, but not limited to, activities such as staff development, program research and development, and investment in infrastructure. The Board has determined that the Chief Executive Officer has sole discretion over the use of the Growth Fund and has, furthermore, directed the Chief Executive Officer to report to the Board the uses of the Growth Fund and any impact thereof. At present, management anticipates it will have spent down the Growth Fund in its entirety by the Organization's fiscal year ending December 31, 2025.

The CEO Fund is a board-designated fund intended for large-scale investments, both internally and in partner organizations. The Board has determined that the Chief Executive Officer, in consultation with the Chief Operating Officer and Chief Financial Officer, has discretion over the use of the CEO Fund and has, furthermore, directed the Chief Executive Officer to report to the Board the uses of the CEO Fund and any impact thereof. At present, management anticipates replenishing the CEO Fund to its current level and that the CEO Fund will operate in perpetuity.

8. BOARD-DESIGNATED FUNDS (continued)

As of December 31, 2024, the balance of the Reserve Fund was $10,000,000 and the balance of the Growth Fund was $832,310. The Organization has invested these funds in U.S. Treasury Bills and Bonds secured by the full faith and credit of the United States of America. The spending on these funds are included on the consolidated statement of activities as program and supporting services expense.

Activity in the Growth Fund, Reserve Fund and CEO Fund consisted of the following:

	Growth Fund	Reserve Fund	CEO Fund	Total
Balance at January 1, 2024	$ 1,741,887	$ 9,000,000	$ 19,041,685	$ 29,783,572
Spending	(909,577)	-	(1,722,623)	(2,632,200)
Funding	-	1,000,000	10,854,020	11,854,020
Balance at December 31, 2024	$ 832,310	$ 10,000,000	$ 28,173,082	$ 39,005,392

9. LEASES

The Organization leased office space and equipment for locations in California and New York under operating leases requiring monthly payments ranging from approximately $300 to $68,000 with escalating rent payments expiring at various dates through 2027. In 2024, the Organization's lease for office space in New York expired and was not renewed.

Additional information related to leases is as follows:

Operating lease cost	$ 917,113
Operating cash flows from operating leases	$ 995,842
Weighted average remaining lease term	2.67 years
Weighted average discount rate	1.55 %

Future minimum lease payments under non-cancelable operating leases are as follows:

Year ending December 31,	
2025	$ 773,966
2026	797,185
2027	541,980
	2,113,131
Less: imputed interest	(42,245)
	$ 2,070,886

10. LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, the Organization has cash and cash equivalents available. Contributions and grants receivable that are considered current will be collected from donors within one year.

The following is a quantitative disclosure which describes assets that are available within one year of December 31, 2024 to fund general expenditures and other obligations when they become due:

Financial assets	
Cash and cash equivalents	$ 17,278,829
Investments	84,650,628
Contributions and grants receivable, net	8,468,202
Accounts receivable	213,962
	110,611,621
Less amounts unavailable for general expenditures within one year, due to:	
Purpose and time restricted projects	(21,267,646)
Board designated for Reserve Fund	(10,000,000)
Board designated for Growth Fund	(832,310)
Board designated for CEO Fund	(28,173,082)
	(60,273,038)
	$ 50,338,583

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in United States Treasury securities, money market funds, mutual funds, and exchange-traded funds. In addition, the Organization is able to utilize the Growth Fund, CEO Fund, and Reserve Fund as deemed necessary to help the Organization grow should it need available capital.

11. RETIREMENT PLAN

PolicyLink has a contributory 401(k) plan for all eligible employees. Contributions were 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 matches the eligible participant's contributions up to 2% of their compensation. Retirement plan expense for the year ended December 31, 2024 amounted to $831,936.

12. CONCENTRATIONS

The Organization receives a significant portion of its revenues from external donors. Accordingly, the Organization's financial condition is dependent to some extent on the economic state of the region and the philanthropic community in general.

12. CONCENTRATIONS (continued)

Contributions and grants receivable due from three donors comprise approximately 85% of the total contributions and grants receivable as of December 31, 2024. Grants and contributions from four donors comprise approximately 73% of total grants and contributions from foundations, corporations, and individuals for the year ended December 31, 2024.

13. SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to December 31, 2024 for potential recognition or disclosure in the consolidated financial statements.

The Organization did not have any subsequent events that require recognition or disclosure in the consolidated financial statements for the year ended December 31, 2024. Subsequent events have been evaluated through the date the consolidated financial statements became available to be issued, May 29, 2025.