



FAMILY POLICY ALLIANCE AND  
FAMILY POLICY FOUNDATION

Consolidated Financial Statements  
With Independent Auditors' Report

September 30, 2017 and 2016

# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Family Policy Alliance and Family Policy Foundation  
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of Family Policy Alliance and Family Policy Foundation, which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility 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; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Family Policy Alliance and Family Policy Foundation  
Colorado Springs, Colorado

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Family Policy Alliance and Family Policy Foundation as of September 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Colorado Springs, Colorado  
January 29, 2018

# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

## Consolidated Statements of Financial Position

	September 30,	
	2017	2016
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,101,539	\$ 2,300,398
Accounts receivable	14,804	21,032
Prepaid expenses	501	13,490
Equipment and software–net	15,068	34,003
<b>Total Assets</b>	<b>\$ 1,131,912</b>	<b>\$ 2,368,923</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 45,504	\$ 138,585
Accrued expenses	106,368	124,195
	151,872	262,780
Net assets:		
Unrestricted:		
Operating	332,120	1,522,365
Board designated–general reserve	600,000	500,000
Equity in equipment and software	15,068	34,003
	947,188	2,056,368
Temporarily restricted	32,852	49,775
	980,040	2,106,143
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,131,912</b>	<b>\$ 2,368,923</b>

See notes to consolidated financial statements

# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

## Consolidated Statements of Activities

	Year Ended September 30,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 2,484,887	\$ 368,357	\$ 2,853,244	\$ 3,941,217	\$ 545,949	\$ 4,487,166
Membership dues	16,293	-	16,293	20,322	-	20,322
Other income	35,357	-	35,357	64,565	-	64,565
<b>Total Support and Revenue</b>	<b>2,536,537</b>	<b>368,357</b>	<b>2,904,894</b>	<b>4,026,104</b>	<b>545,949</b>	<b>4,572,053</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	318,976	(318,976)	-	500,749	(500,749)	-
Administrative assessments	66,304	(66,304)	-	-	-	-
	385,280	(385,280)	-	500,749	(500,749)	-
<b>EXPENSES:</b>						
Program services:						
Citizenship	3,327,401	-	3,327,401	3,592,868	-	3,592,868
Supporting activities:						
General and administrative	389,210	-	389,210	360,928	-	360,928
Fund-raising	314,386	-	314,386	401,037	-	401,037
	703,596	-	703,596	761,965	-	761,965
<b>Total Expenses</b>	<b>4,030,997</b>	<b>-</b>	<b>4,030,997</b>	<b>4,354,833</b>	<b>-</b>	<b>4,354,833</b>
Change in Net Assets	(1,109,180)	(16,923)	(1,126,103)	172,020	45,200	217,220
Net Assets, Beginning of Year	2,056,368	49,775	2,106,143	1,884,348	4,575	1,888,923
Net Assets, End of Year	\$ 947,188	\$ 32,852	\$ 980,040	\$ 2,056,368	\$ 49,775	\$ 2,106,143

See notes to consolidated financial statements

# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

## Consolidated Statements of Cash Flows

	Year Ended September 30,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (1,126,103)	\$ 217,220
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,749	58,333
Change in operating assets and liabilities:		
Accounts receivable	6,228	8,722
Prepaid expenses	12,989	47,056
Accounts payable	(93,081)	66,369
Accrued expenses	(17,827)	40,550
Net Cash Provided (Used) by Operating Activities	(1,179,045)	438,250
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of equipment and software	(19,814)	-
Net Cash Used by Investing Activities	(19,814)	-
Change in Cash and Cash Equivalents	(1,198,859)	438,250
Cash and Cash Equivalents, Beginning of Year	2,300,398	1,862,148
Cash and Cash Equivalents, End of Year	\$ 1,101,539	\$ 2,300,398

See notes to consolidated financial statements

# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

## Notes to Consolidated Financial Statements

September 30, 2017 and 2016

### 1. NATURE OF ORGANIZATION:

Family Policy Alliance is a public policy partner of Focus on the Family. As such, Family Policy Alliance promotes policy, mobilizes grassroots voters to vote for candidates who share their Christian values, and coordinates legislative activities with an alliance of nearly 40 – some day 50 – state-based family policy councils.

Family Policy Alliance's vision is a nation where God is honored, religious freedom flourishes, families thrive and life is cherished. To that end, Family Policy Alliance strengthens an alliance of state-based organizations committed to this common vision, equips and elects statesmen—men and women committed to a lifetime of public service, and promotes policy that protects the family, strengthens religious liberty, and affirms life from conception to natural death. Most importantly, Family Policy Alliance engages the nation-wide Christian community in order to unleash citizenship by informing them of the important issues impacting their families and their values and then mobilizes them to engage with their legislators. Because of Family Policy Alliance's direct engagement in legislative and election related activities, Family Policy Alliance operates under Section 501(c)(4) of the Internal Revenue Code. As such, donations to Family Policy Alliance are not tax deductible.

Family Policy Foundation is the educational arm of Family Policy Alliance and is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the organization is subject to federal income tax on any unrelated business taxable income. In addition the organization is not classified as a private foundation within the meaning of Section 509(a) of the IRC. Donations to Family Policy Foundation are tax deductible. Family Policy Foundation executes its programs in alignment with the same vision and mission as Family Policy Alliance; however, it focuses on training statesmen through its Statesmen Academy, strengthening the state-based family policy allies, and educating the Christian community on the issues of life, marriage, family, and religious liberty. Both Family Policy Alliance and Family Policy Foundation have common board members and officers as well as common management.

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the consolidated financial resources and activities of Family Policy Alliance and Family Policy Foundation, Inc. (collectively referred to as FPA and FPF). All material transactions and balances between the entities have been eliminated in the consolidation.

### 2. SUMMARY OF ACCOUNTING POLICIES:

FPA and FPF maintain their accounts and prepare their consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated 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, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.



# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

## Notes to Consolidated Financial Statements

September 30, 2017 and 2016

### 2. SUMMARY OF ACCOUNTING POLICIES, continued:

#### CASH AND CASH EQUIVALENTS

FPA and FPF consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include amounts held in non-interest bearing checking accounts. These accounts may, at times, exceed federally insured limits. FPA and FPF have not experienced any losses in such accounts.

#### EQUIPMENT AND SOFTWARE

Equipment and software is recorded on the basis of cost, or estimated fair value if donated. FPA and FPF capitalize purchases in excess of \$2,500, with lesser amounts expensed in the year purchased. Depreciation is provided using the straight-line method over 3-7 years. Accumulated depreciation was \$192,875 and \$154,126 as of September 30, 2017 and 2016, respectively.

#### CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets.

*Unrestricted net assets* include resources that are used to support current operations, reserves and purposes identified by the board of directors, and amounts invested in equipment and software.

*Temporarily restricted net assets* include donor-restricted contributions for specified exempt purposes. Significant programs supported by donors included in temporarily restricted net assets are support for specific projects and programs.

#### SUPPORT AND REVENUE

Contributions are recognized as income when made, which may be when cash is received or unconditionally promised, or when ownership of donated assets is transferred. Contributions restricted by the donor for a specific purpose are recorded as support in the temporarily restricted class of net assets until the donor restriction has been met. Upon satisfaction of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Contributions and membership dues made to organizations that have received a 501(c)(4) designation by the Internal Revenue Service, such as Family Policy Alliance, are not tax-deductible for federal income tax purposes.

#### FUNCTIONAL ALLOCATION OF EXPENDITURES

The cost of providing the various programs has been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

## Notes to Consolidated Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF ACCOUNTING POLICIES, continued:

CONCENTRATIONS

During the year ended September 30, 2016, FPA and FPF received contributions from one organization that totaled \$600,000. These gifts accounted for approximately 13% of total support and revenue for the year ended September 30, 2016.

3. RETIREMENT PLAN:

FPA and FPF sponsor a defined contribution retirement plan under section 401(k) of the Internal Revenue Code covering substantially all regular, full-time employees meeting eligibility requirements. FPA and FPF provide a discretionary matching contribution from 3% to 6% of participant compensation, depending on years of service. Total employer contributions to the plan were \$25,450 and \$35,489 for the years ended September 30, 2017 and 2016, respectively.

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	September 30,	
	2017	2016
Family Policy Alliance of Idaho	\$ 20,195	\$ -
Family Policy Alliance of New Mexico	8,340	-
Statesmen Academy	4,317	-
Family Policy Alliance of Georgia	-	49,775
	<u>\$ 32,852</u>	<u>\$ 49,775</u>

# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

## Notes to Consolidated Financial Statements

September 30, 2017 and 2016

5. ALLOCATION OF JOINT COSTS:

During the years ended September 30, 2017 and 2016, FPA and FPF incurred joint costs for informational materials and activities that included fund-raising appeals. These programs include various newsletters, videos, and constituent relations. Costs associated with the various programs have been allocated in the consolidated statements of activities according to their functional classification as follows:

	Year Ended September 30,	
	2017	2016
Program services:		
Citizenship	\$ 291,898	\$ 461,747
Fund-raising	109,885	108,746
	<u>\$ 401,783</u>	<u>\$ 570,493</u>

6. COMMITMENTS:

During the year ended September 30, 2015, FPA and FPF entered into various agreements with service providers for rent, email, and administrative services. Related expenses for the years ended September 30, 2017 and 2016 were \$254,160 and \$293,175, respectively. Future minimum payments for noncancellable agreements due during the year ended September 30, 2018 are \$130,455.

7. SUBSEQUENT EVENTS:

Subsequent events were evaluated through January 29, 2018, which is the date the financial statement were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

Board of Directors  
Family Policy Alliance and Family Policy Foundation  
Colorado Springs, Colorado

We have audited the consolidated financial statements of Family Policy Alliance and Family Policy Foundation as of and for the years ended September 30, 2017 and 2016, and our report thereon dated January 29, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and they are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Capin Crouse LLP*

Colorado Springs, Colorado  
January 29, 2018

# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

## Consolidating Statement of Financial Position

September 30, 2017

	Family Policy Alliance	Family Policy Foundation	Eliminations	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 904,797	\$ 196,742	\$ -	\$ 1,101,539
Accounts receivable	1,403,887	365	(1,389,448)	14,804
Prepaid expenses	100,000	501	(100,000)	501
Equipment and software—net	15,068	-	-	15,068
<b>Total Assets</b>	<b>\$ 2,423,752</b>	<b>\$ 197,608</b>	<b>\$ (1,489,448)</b>	<b>\$ 1,131,912</b>
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 45,171	\$ 1,489,781	\$ (1,489,448)	\$ 45,504
Accrued expenses	106,368	-	-	106,368
	<u>151,539</u>	<u>1,489,781</u>	<u>(1,489,448)</u>	<u>151,872</u>
<b>Net assets:</b>				
<b>Unrestricted:</b>				
Operating	1,650,181	(1,318,061)	-	332,120
Board designated— general reserve	600,000	-	-	600,000
Equity in equipment and software	15,068	-	-	15,068
	<u>2,265,249</u>	<u>(1,318,061)</u>	<u>-</u>	<u>947,188</u>
Temporarily restricted	6,964	25,888	-	32,852
	<u>2,272,213</u>	<u>(1,292,173)</u>	<u>-</u>	<u>980,040</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,423,752</b>	<b>\$ 197,608</b>	<b>\$ (1,489,448)</b>	<b>\$ 1,131,912</b>

# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

## Consolidating Statement of Financial Position

September 30, 2016

	Family Policy Alliance	Family Policy Foundation	Eliminations	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,628,763	\$ 671,635	\$ -	\$ 2,300,398
Accounts receivable	809,461	208	(788,637)	21,032
Prepaid expenses	101,750	11,740	(100,000)	13,490
Equipment and software—net	34,003	-	-	34,003
<b>Total Assets</b>	<b>\$ 2,573,977</b>	<b>\$ 683,583</b>	<b>\$ (888,637)</b>	<b>\$ 2,368,923</b>
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 133,725	\$ 893,497	\$ (888,637)	\$ 138,585
Accrued expenses	124,195	-	-	124,195
	257,920	893,497	(888,637)	262,780
<b>Net assets:</b>				
<b>Unrestricted:</b>				
Operating	1,782,054	(259,689)	-	1,522,365
Board designated— general reserve	500,000	-	-	500,000
Equity in equipment and software	34,003	-	-	34,003
	2,316,057	(259,689)	-	2,056,368
Temporarily restricted	-	49,775	-	49,775
	2,316,057	(209,914)	-	2,106,143
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,573,977</b>	<b>\$ 683,583</b>	<b>\$ (888,637)</b>	<b>\$ 2,368,923</b>

# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

## Consolidating Statement of Activities

Year Ended September 30, 2017

	Family Policy Alliance	Family Policy Foundation	Eliminations	Total
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 1,867,073	\$ 986,171	\$ -	\$ 2,853,244
Membership dues	16,293	-	-	16,293
Other income	23,035	12,322	-	35,357
<b>Total Support and Revenue</b>	<b>1,906,401</b>	<b>998,493</b>	<b>-</b>	<b>2,904,894</b>
<b>EXPENSES:</b>				
Program services:				
Citizenship	1,600,983	1,726,418	-	3,327,401
Supporting activities:				
General and administrative	180,274	208,936	-	389,210
Fund-raising	168,988	145,398	-	314,386
	349,262	354,334	-	703,596
<b>Total Expenses</b>	<b>1,950,245</b>	<b>2,080,752</b>	<b>-</b>	<b>4,030,997</b>
Change in Net Assets	(43,844)	(1,082,259)	-	(1,126,103)
Net Assets, Beginning of Year	2,316,057	(209,914)	-	2,106,143
Net Assets, End of Year	\$ 2,272,213	\$ (1,292,173)	\$ -	\$ 980,040



# FAMILY POLICY ALLIANCE AND FAMILY POLICY FOUNDATION

## Consolidating Statement of Activities

Year Ended September 30, 2016

	Family Policy Alliance	Family Policy Foundation	Eliminations	Total
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 2,691,595	\$ 1,795,571	\$ -	\$ 4,487,166
Membership dues	20,322	-	-	20,322
Other income	63,194	1,371	-	64,565
	<u>2,775,111</u>	<u>1,796,942</u>	<u>-</u>	<u>4,572,053</u>
<b>EXPENSES:</b>				
Program services:				
Citizenship	2,025,997	1,566,871	-	3,592,868
Supporting activities:				
General and administrative	190,263	170,665	-	360,928
Fund-raising	263,337	137,700	-	401,037
	<u>453,600</u>	<u>308,365</u>	<u>-</u>	<u>761,965</u>
Total Expenses	<u>2,479,597</u>	<u>1,875,236</u>	<u>-</u>	<u>4,354,833</u>
Change in Net Assets	295,514	(78,294)	-	217,220
Net Assets, Beginning of Year	<u>2,020,543</u>	<u>(131,620)</u>	<u>-</u>	<u>1,888,923</u>
Net Assets, End of Year	<u>\$ 2,316,057</u>	<u>\$ (209,914)</u>	<u>\$ -</u>	<u>\$ 2,106,143</u>