

More in Common, Inc.

Financial Statements

December 31, 2020 and 2019

Independent Auditors' Report

**To the Board of Directors
More in Common, Inc.**

We have audited the accompanying financial statements of More in Common, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

To the Board of Directors
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of More in Common, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PKF O'Connor Davies, LLP

Woodcliff Lake, NJ
December 20, 2021

More in Common, Inc.

Statements of Financial Position

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,556,774	\$ 2,673,295
Contributions receivable, net	1,000,000	1,742,174
Accounts receivable	<u>1,500</u>	<u>1,500</u>
 Total Assets	 <u>\$ 2,558,274</u>	 <u>\$ 4,416,969</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 36,820	\$ 1,500,164
Donations payable	200,000	-
Refundable advance	<u>283,750</u>	<u>-</u>
 Total Liabilities	 <u>520,570</u>	 <u>1,500,164</u>
 Net Assets		
Without donor restrictions		
Undesignated	737,704	874,631
Board designated	<u>300,000</u>	<u>300,000</u>
	1,037,704	1,174,631
 With donor restrictions	 <u>1,000,000</u>	 <u>1,742,174</u>
 Total Net Assets	 <u>2,037,704</u>	 <u>2,916,805</u>
 Total Liabilities and Net Assets	 <u>\$ 2,558,274</u>	 <u>\$ 4,416,969</u>

See notes to financial statements

More in Common, Inc.

Statements of Activities

	December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Contributions and grants	\$ 2,770,490	\$ -	\$ 2,770,490	\$ 2,402,500	\$ 1,742,174	\$ 4,144,674
Consulting fees	67,500	-	67,500	-	-	-
Other income	-	-	-	8,332	-	8,332
Release from restrictions	<u>742,174</u>	<u>(742,174)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenues	<u>3,580,164</u>	<u>(742,174)</u>	<u>2,837,990</u>	<u>2,410,832</u>	<u>1,742,174</u>	<u>4,153,006</u>
EXPENSES						
Program Services						
Awareness education and research	3,437,174	-	3,437,174	1,467,355	-	1,467,355
Supporting Services						
Administration	199,839	-	199,839	69,640	-	69,640
Fundraising	<u>80,078</u>	<u>-</u>	<u>80,078</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>3,717,091</u>	<u>-</u>	<u>3,717,091</u>	<u>1,536,995</u>	<u>-</u>	<u>1,536,995</u>
Change in Net Assets	(136,927)	(742,174)	(879,101)	873,837	1,742,174	2,616,011
NET ASSETS						
Beginning of year	<u>1,174,631</u>	<u>1,742,174</u>	<u>2,916,805</u>	<u>300,794</u>	<u>-</u>	<u>300,794</u>
End of year	<u>\$ 1,037,704</u>	<u>\$ 1,000,000</u>	<u>\$ 2,037,704</u>	<u>\$ 1,174,631</u>	<u>\$ 1,742,174</u>	<u>\$ 2,916,805</u>

See notes to financial statements

More in Common, Inc.

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	Supporting Services		Total Expenses
	Awareness Education and Research	Administration	Fundraising	
Salaries	\$ 343,772	\$ 84,509	\$ 70,626	\$ 498,907
Payroll taxes and employee benefits	46,007	11,310	9,452	66,769
Total Salaries and Related Expenses	389,779	95,819	80,078	565,676
Grants paid to More in Common (UK)	1,270,503	-	-	1,270,503
Grants paid to More in Common (France)	97,500	-	-	97,500
Consultants	226,240	-	-	226,240
Travel	10,728	-	-	10,728
Research and reports	1,437,123	-	-	1,437,123
Communications and marketing	3,041	-	-	3,041
Facilities	-	31,575	-	31,575
Information technology and telecommunications	-	14,038	-	14,038
Insurance	-	1,555	-	1,555
Professional fees	-	34,332	-	34,332
Other direct costs	2,260	22,520	-	24,780
Total Expenses	\$ 3,437,174	\$ 199,839	\$ 80,078	\$ 3,717,091

More in Common, Inc.

Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Supporting Services	
	Awareness Education and Research	Administration	Total Expenses
Salaries	\$ 423,693	\$ -	\$ 423,693
Payroll taxes and employee benefits	<u>47,754</u>	<u>-</u>	<u>47,754</u>
Total Salaries and Related Expenses	471,447	-	471,447
Grants paid to More in Common (UK)	867,432	-	867,432
Consultants	36,945	-	36,945
Travel	54,808	-	54,808
Research and reports	31,606	-	31,606
Communications and marketing	2,951	3,013	5,964
Facilities	-	21,011	21,011
Information technology and telecommunications	-	13,048	13,048
Insurance	-	1,555	1,555
Professional fees	-	11,882	11,882
Other direct costs	<u>2,166</u>	<u>19,131</u>	<u>21,297</u>
Total Expenses	<u>\$ 1,467,355</u>	<u>\$ 69,640</u>	<u>\$ 1,536,995</u>

More in Common, Inc.

Statements of Cash Flows

	<u>Year Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (879,101)	\$ 2,616,011
Adjustments to reconcile increase in net assets to net cash from operating activities		
Change in operating assets and liabilities		
Contributions receivable	742,174	(1,742,174)
Accounts receivable	-	(1,500)
Accounts payable	(1,463,344)	1,500,164
Donations payable	200,000	(1,170,000)
Accrued expenses	<u>283,750</u>	<u>(19,440)</u>
 Total Adjustments	<u>(237,420)</u>	<u>(1,432,950)</u>
 Net Cash from Operating Activities	(1,116,521)	1,183,061
 CASH		
Beginning of year	<u>2,673,295</u>	<u>1,490,234</u>
 End of year	<u>\$ 1,556,774</u>	<u>\$ 2,673,295</u>

See notes to financial statements

More in Common, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

1. Nature of Organization

More in Common, Inc. (the "Organization"), a nonprofit organization incorporated in Delaware, was established in 2017 and began operations in 2018. The Organization is a subsidiary of More in Common, a private UK company limited by guarantee under the United Kingdom Companies Act of 2006 (the "Parent"), who shares objectives, strategies and conducts activities on behalf of and in partnership with More in Common, Inc. The Parent has the right to appoint all members of the Board of Directors of the Organization (the "Board") and to remove directors without cause at any time.

The Organization's mission is to protect democratic societies from the threats of polarization and social division. Their goal is to help create communities that are safer, more resilient, and more enjoyable places to live, both for long-time residents and for newcomers, and to counter current threats to such communities from economic insecurity, fear of terrorism, and cultural and demographic changes.

The Organization is supported primarily through donor contributions and grants.

Description of Program and Supporting Services

Awareness Education and Research

Research to understand why advanced democracies failed to respond more effectively to the refugee crisis and its impact on domestic politics. The focus had widened to include broader questions of identity and belonging. Researchers have also published papers on polarization, social media and the psychology of political behavior.

Administration

Includes the functions necessary to ensure an adequate working environment and to manage the administrative, financial and budgetary responsibilities of the Organization.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from the Organization's estimates.

More in Common, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (*continued*)

Revenue Recognition

On January 1, 2020, the Organization adopted ASU 2014-09, Revenue from Contracts with Customers (“ASU 2014-09”). Adoption of this guidance did not result in a change to previously recognized revenue, nor any material change in the way the Organization recognizes revenue. The only change is inclusion of the informative disclosures included elsewhere in the financial statements. This guidance provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes prior revenue recognition guidance.

The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework. The new framework was applied on a full retrospective basis.

This guidance also requires new or expanded disclosures related to judgments made by entities when following this framework; however, as all revenue is collected within one year or less and there is no significant financing component related to contracts, the Organization elected not to adjust the promised amount of consideration for the effect of any financing component, as permitted by the new framework. In addition, the guidance offers a practical expedient that allows the immediate expense recognition for a contract acquisition cost when the asset that would have resulted from capitalizing such a cost would have an amortization period of one year or less.

The new guidance requires the Organization to not recognize revenue until it is probable of collection. The Organization concluded that all revenue recognized is probable of collection due to the nature of the funding sources and the Organization’s strong collection experience with regard to those funding sources. Payment is typically due within 30 days after the services are provided, unless otherwise specified in the individual contract.

Five basic criteria must be met before revenue can be recognized: (i) persuasive evidence an arrangement exists; (ii) all performance obligations have been identified; (iii) the fee is fixed and determinable; (iv) the transaction price is allocated to the identified performance obligations; and (v) the performance obligation has been satisfied. As shown on the accompanying statements of activities, the Organization’s revenue sources include consulting revenue. The Organization has reviewed its various consulting contracts and concluded that contracts all include a single performance obligation that is satisfied at a point in time.

The contracted price with the customer is agreed at the individual service level outlined in the customer contracts. The Organization satisfies the obligation to provide consulting service to customers at a point in time as the services are provided.

More in Common, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (*continued*)

Net Asset Presentation

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. This category may also include amounts designated by the Board of Directors.

Undesignated – net assets not subject to donor-imposed stipulations, which have not been designated by the Board of Directors for specific purposes, and therefore are expendable for operating purposes.

Board designated – board designated net assets are funds which the Board of Directors has identified to be used for specific purposes. Because these funds have not been restricted by donors, they are classified as without donor restrictions.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may require the assets to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor restricted net assets by the donor or by applicable state law.

Income Tax Status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. The Organization is no longer subject to examinations by applicable taxing jurisdictions for periods prior to 2017.

Risks and Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation (“FDIC”) limit. The Organization does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At December 31, 2020, \$1,306,774 of cash was maintained with an institution in excess of FDIC limits.

More in Common, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Risks and Concentrations (continued)

The Organization receives significant contributions from donors which results in a substantial portion of its contribution revenue from relatively few donors in any given period. As of and for the year ended December 31, 2020, the Organization received 61% of its contribution revenue from 3 donors and 100% of its contributions receivable is due from two donors. As of and for the year ended December 31, 2019, the Organization received 100% of its contribution revenue and contributions receivable are due from two donors.

The Organization has a limited number of vendors. This may result in the Organization expending a substantial amount to relatively few vendors in any given period. For the year ended December 31, 2020, approximately 11% of the Organization's expenses were with one vendor. For the year ended December 31, 2019, there were no vendor concentrations.

Contribution Revenue and Receivables

Contribution revenue, which includes unconditional promises to give, are recognized as revenue in the period received as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts-in-kind are recorded at fair value at the date of the donation.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional contributions and bequests are not included as support until the conditions are substantially met.

Allowance for Uncollectible Contributions and Accounts Receivable

The Organization determines whether an allowance for uncollectable contributions receivable should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of the contributions, current economic conditions, historical information and other sources. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Management believes all receivables are fully collectible, therefore, no allowance for doubtful accounts is recognized as of December 31, 2020 and 2019.

More in Common, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Refundable Advance

The Organization receives advance cash payments from donors with conditions. The Organization records the portion of the contributions not expended according to the donor agreement as refundable advances on the statements of financial position until the specified condition is met, and the contribution revenue is recognized in the period of expenditure. In the event the Organization does not expend the funds received within the grant period, or expends the funds for purposes not specified in the donor agreement, the Organization is required to return the funds to the donor.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions. Those expenses include salaries and related payroll taxes and employee benefits. Salaries, payroll taxes and employee benefits are allocated based on estimates of time and effort expended.

Contributed Services

During the years ended December 31, 2020 and 2019, the value of contributed service meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 20, 2021, the date the financial statements were available to be issued.

3. Contributions

Contributions receivable at December 31 are as follows.

	2020	2019
Less than one year	\$ 1,000,000	\$ 1,250,000
One to five years	-	500,000
	1,000,000	1,750,000
Discount to present value at 1.59%	-	(7,826)
Contributions Receivable, net	<u>\$ 1,000,000</u>	<u>\$ 1,742,174</u>

Conditional contributions to give for 2020 and 2019, which are not reflected in the accompanying statements of activities are \$294,000 and \$500,000.

More in Common, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

4. Related Party Transactions

During the years ended December 31, 2020 and 2019, the Board voted to donate \$1,368,003 and \$867,432 to the Parent to fund activities which further the objectives and strategies of the More in Common Global Movement. Funds will be used to engage research consultants, deliver the USA Hidden Tribes report, and to run and manage global hubs. At December 31, 2020 and 2019, amounts due to More In Common UK were \$200,000 and \$0.

5. Net Assets

The Board created a board designated fund in the amount of \$300,000 as a reserve for future operations.

Net assets with donor restrictions of \$1,000,000 and \$1,742,174 as of December 31, 2020 and 2019 are related to contributions to be received in future years. Net assets released from restrictions for the years ended December 31, 2020 and 2019 were \$742,174 and \$0.

6. Liquidity

The Organization's financial assets available within one year of December 31 for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash, including \$300,000 for Board designated reserve fund	\$ 1,556,774	\$ 2,673,295
Contributions receivable	1,000,000	1,742,174
Accounts receivable	1,500	1,500
Less: Board designated reserve fund	(300,000)	(300,000)
Less: contributions receivable in more than one year	<u>-</u>	<u>(500,000)</u>
	<u>\$ 2,258,274</u>	<u>\$ 3,616,969</u>

As part of its liquidity management, the Organization established a goal to maintain financial assets on hand to meet 90 days of normal operating expenses. Such goal is without certainty as the Organization is still in its pre-established (i.e., start-up) state. The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

7. Rent Expense

The Organization leases shared office space on an as-needed, month-to-month basis. Rent expense for the years ended December 31, 2020 and 2019 was \$31,575 and \$21,011.

More in Common, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

8. Contingencies

The Organization's operations have been affected by the ongoing outbreak of the coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. Many countries around the world, including the United States, have significant governmental measures being implemented to control the spread of COVID-19, including temporary closures of businesses, severe restrictions on travel and the movement of people and other material limitations on the conduct of business.

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position and cash flows cannot be reasonably estimated at this time.

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