

MORE IN COMMON, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

More In Common, Inc.

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Year Ended December 31, 2018

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Independent Auditor's 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 statement of financial position as of December 31, 2018, and the related statements of activities, 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 presents fairly, in all material respects, the financial position of More In Common, Inc. as of December 31, 2018, 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.

GETTRY MARCUS CPA, P.C.

Gettry Marcus CPA, P.C.
New York, New York
July 19, 2019

More In Common, Inc.
Statement of Financial Position
December 31, 2018

Assets	<u>Without Donor Restrictions</u>
Current assets	
Cash	\$ 1,490,234
Total assets	<u>\$ 1,490,234</u>
Liabilities and Net Assets	
Current liabilities	
Donations payable	\$ 1,170,000
Accrued expenses	<u>19,440</u>
Total current liabilities	1,189,440
Net Assets	
Without donor restrictions	<u>300,794</u>
Total liabilities and net assets	<u>\$ 1,490,234</u>

More In Common, Inc.
Statement of Activities
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>
Support and revenues	
Contributions and grants	\$ 1,500,000
Consulting fees	<u>20,000</u>
Total support and revenues	<u>1,520,000</u>
Functional expenses	
Program services:	
Awareness Education and Research	1,199,721
Supporting services:	
Administration	<u>19,485</u>
Total functional expenses	<u>1,219,206</u>
Increase in net assets	300,794
Net assets - Beginning of year	<u>-</u>
Net assets - End of year	<u><u>\$ 300,794</u></u>

More In Common, Inc.
Statement of Functional Expenses
Year Ended December 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Functional Expenses</u>
	<u>Awareness Education and Research</u>	<u>Administration</u>	
Salaries	\$ 24,373	\$ -	\$ 24,373
Payroll taxes and employee benefits	2,788	-	2,788
Total salaries and related expenses	27,161	-	27,161
Unallocated payments to More in Common (UK)	1,170,000	-	1,170,000
Accounting fees	-	19,440	19,440
Payroll fees	2,560	-	2,560
Bank charges	-	45	45
Total expenses	<u>\$ 1,199,721</u>	<u>\$ 19,485</u>	<u>\$ 1,219,206</u>

More In Common, Inc.
Statement of Cash Flows
Year ended December 31, 2018

Cash flows from operating activities	
Increase in net assets	<u>\$ 300,794</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase in operating liabilities:	
Accrued expenses	19,440
Donations payable	<u>1,170,000</u>
Total adjustments	<u>1,189,440</u>
Net cash provided by operating activities and net increase in cash	1,490,234
Cash - Beginning of year	<u>-</u>
.	<u><u>\$ 1,490,234</u></u>

More In Common, Inc.
Notes to Financial Statements
December 31, 2018

Note 1 - Summary of Organization and Nature of Activities

Organization and Nature of Activities

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 has 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of More In Common, Inc. have been prepared on the accrual basis of accounting.

The Organization reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. When a restriction expires (when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction

More In Common, Inc.
Notes to Financial Statements
December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

At December 31, 2018, the Organization had no net assets with donor restrictions.

Income Tax Status

The Organization has been notified by the Internal Revenue Service that it is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code ("Code"). The Organization is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The Organization follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

Contributions and expenditures

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give will be recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets will be reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities will be reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Uninsured Cash Balances

Cash accounts at the bank are insured by the Federal Deposit Insurance Corporation subject to certain limits. At times, such cash balances may be in excess of the insured limits. The Organization has not experienced any losses in these accounts and does not believe it is exposed to any significant risk on its cash.

Fair Value Measurements

The Organization's financial instruments include cash and donations payable. The fair values of the cash and donations payable approximates their fair values based on their short-term duration.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are based on past experience and other assumptions that management believes are reasonable under the circumstances, and management evaluates these estimates on an ongoing basis.

More In Common, Inc.
Notes to Financial Statements
December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Method used for allocation of expenses from management and general activities

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.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 19, 2019, the date the financial statements were available to be issued.

Contributed Services

During the year ended December 31, 2018, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU will replace all current U.S. GAAP guidance on this topic and eliminate industry-specific guidance. The topic was amended in August 2015 to defer the effective date to interim and annual periods beginning after December 15, 2018, with early application permitted only as of annual reporting periods. The Organization has not determined what impact, if any, the adoption of ASU 2014-09 will have on its financial statements.

In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for Not-for-Profit entities. The Organization has adopted the presentation of this ASU effective January 1, 2018.

Note 3 - Contribution

During the year, the Organization received a grant in the amount of \$1,500,000 to fund their charitable operations for the period January 1, through December 31, 2018.

Note 4 - Related Party Transactions

During the year ended December 31, 2018, the Board voted to donate \$1,170,000 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. The entire donation remained unpaid at December 31, 2018 and is included in donations payable on the statement of financial position.

Note 5 – Board Designated Net Assets

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

The Board designated net assets are comprised of the following:

Without donor restrictions:	
Designated by the Board for reserve fund	<u>\$300,000</u>

More In Common, Inc.
Notes to Financial Statements
December 31, 2018

Note 6 – Liquidity

More in Common, Inc.'s financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash, including \$300,000 for Board designated reserve fund	<u>\$1,490,234</u>
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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 initially inherently 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. The Organization does not have a line of credit available to assist with liquidity management. The Organization was also dependent on a principal donor in 2018, which may (or may not) be available in future years.