

More in Common, Inc.

Financial Statements

December 31, 2021 and 2020

Independent Auditors' Report

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of More in Common, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, internal omissions, misrepresentations, or the override of internal control. Misstatements 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 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 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 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 More in Common, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about More in Common, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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.

PKF O'Connor Davies, LLP

Woodcliff Lake, NJ
June 09, 2023

More in Common, Inc.

Statements of Financial Position

| | December 31, | |
|---------------------------------------|---------------------|---------------------|
| | <u>2021</u> | <u>2020</u> |
| ASSETS | | |
| Cash | \$ 2,368,280 | \$ 1,556,774 |
| Contributions receivable | 90,000 | 1,000,000 |
| Accounts receivable | 5,800 | 1,500 |
| Prepaid expenses | 17,775 | - |
| Property and equipment, net | <u>3,858</u> | <u>-</u> |
| | | |
| Total Assets | <u>\$ 2,485,713</u> | <u>\$ 2,558,274</u> |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 37,996 | \$ 36,820 |
| Donations payable | - | 200,000 |
| Refundable advance | <u>400,170</u> | <u>283,750</u> |
| | | |
| Total Liabilities | <u>438,166</u> | <u>520,570</u> |
| | | |
| Net Assets | | |
| Without Donor Restrictions | | |
| Undesignated | 1,657,547 | 737,704 |
| Board designated | <u>300,000</u> | <u>300,000</u> |
| Total Without Donor Restrictions | 1,957,547 | 1,037,704 |
| | | |
| With donor restrictions | <u>90,000</u> | <u>1,000,000</u> |
| | | |
| Total Net Assets | <u>2,047,547</u> | <u>2,037,704</u> |
| | | |
| Total Liabilities and Net Assets | <u>\$ 2,485,713</u> | <u>\$ 2,558,274</u> |

See notes to financial statements

More in Common, Inc.

Statements of Activities

| | Year Ended December 31, | | | | | |
|----------------------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | 2021 | | | 2020 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT AND REVENUES | | | | | | |
| Contributions and grants | \$ 3,001,900 | \$ 90,000 | \$ 3,091,900 | \$ 2,770,490 | \$ - | \$ 2,770,490 |
| Consulting fees | 485,894 | - | 485,894 | 67,500 | - | 67,500 |
| Other income | 943 | - | 943 | - | - | - |
| Release from restrictions | <u>1,000,000</u> | <u>(1,000,000)</u> | <u>-</u> | <u>742,174</u> | <u>(742,174)</u> | <u>-</u> |
| Total Support and Revenues | <u>4,488,737</u> | <u>(910,000)</u> | <u>3,578,737</u> | <u>3,580,164</u> | <u>(742,174)</u> | <u>2,837,990</u> |
| EXPENSES | | | | | | |
| Program Services | | | | | | |
| Awareness education and research | 2,979,972 | - | 2,979,972 | 3,437,174 | - | 3,437,174 |
| Supporting Services | | | | | | |
| Administration | 402,369 | - | 402,369 | 199,839 | - | 199,839 |
| Fundraising | <u>186,553</u> | <u>-</u> | <u>186,553</u> | <u>80,078</u> | <u>-</u> | <u>80,078</u> |
| Total Expenses | <u>3,568,894</u> | <u>-</u> | <u>3,568,894</u> | <u>3,717,091</u> | <u>-</u> | <u>3,717,091</u> |
| Change in Net Assets | 919,843 | (910,000) | 9,843 | (136,927) | (742,174) | (879,101) |
| NET ASSETS | | | | | | |
| Beginning 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> |
| End of year | <u>\$ 1,957,547</u> | <u>\$ 90,000</u> | <u>\$ 2,047,547</u> | <u>\$ 1,037,704</u> | <u>\$ 1,000,000</u> | <u>\$ 2,037,704</u> |

See notes to financial statements

More in Common, Inc.

Statement of Functional Expenses
Year Ended December 31, 2021

| | Program Services | Supporting Services | | Total Expenses |
|-----------------------------------------------|----------------------------------------|---------------------|-------------------|---------------------|
| | Awareness Education and Research | Administration | Fundraising | |
| Salaries | \$ 439,985 | \$ 108,161 | \$ 90,393 | \$ 638,539 |
| Payroll taxes and employee benefits | <u>155,222</u> | <u>38,158</u> | <u>31,890</u> | <u>225,270</u> |
| Total Salaries and Related Expenses | 595,207 | 146,319 | 122,283 | 863,809 |
| Grants paid to More in Common (UK) | 1,300,000 | - | - | 1,300,000 |
| Consultants | 853,734 | - | - | 853,734 |
| Travel | 10,437 | - | - | 10,437 |
| Research and reports | 204,081 | - | - | 204,081 |
| Communications and marketing | 29 | - | - | 29 |
| Facilities | - | 30,946 | - | 30,946 |
| Information technology and telecommunications | - | 2,300 | - | 2,300 |
| Insurance | - | 3,898 | - | 3,898 |
| Professional fees | - | 142,111 | - | 142,111 |
| Special events | - | - | 64,270 | 64,270 |
| Office expense | - | 4,523 | - | 4,523 |
| Miscellaneous | - | 50,923 | - | 50,923 |
| Education and seminars | 7,110 | - | - | 7,110 |
| Other direct costs | <u>9,374</u> | <u>21,349</u> | <u>-</u> | <u>30,723</u> |
| Total Expenses | <u>\$ 2,979,972</u> | <u>\$ 402,369</u> | <u>\$ 186,553</u> | <u>\$ 3,568,894</u> |

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) | 1,368,003 | - | - | 1,368,003 |
| 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 | <u>\$ 3,437,174</u> | <u>\$ 199,839</u> | <u>\$ 80,078</u> | <u>\$ 3,717,091</u> |

More in Common, Inc.

Statements of Cash Flows

| | Year Ended December 31, | |
|----------------------------------------------------------------------------------------|-------------------------|---------------------|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 9,843 | \$ (879,101) |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Change in operating assets and liabilities | | |
| Contributions receivable | 910,000 | 742,174 |
| Accounts receivable | (4,300) | - |
| Prepaid expenses | (17,775) | - |
| Accounts payable | 1,176 | (1,463,344) |
| Donations payable | (200,000) | 200,000 |
| Refundable advance | 116,420 | 283,750 |
| | <u>805,521</u> | <u>(237,420)</u> |
| Total Adjustments | | |
| | <u>805,521</u> | <u>(237,420)</u> |
| Net Cash from Operating Activities | 815,364 | (1,116,521) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Purchases of property and equipment | <u>(3,858)</u> | <u>-</u> |
| Net Change in Cash | 811,506 | (1,116,521) |
| CASH | | |
| Beginning of year | <u>1,556,774</u> | <u>2,673,295</u> |
| End of year | <u>\$ 2,368,280</u> | <u>\$ 1,556,774</u> |

See notes to financial statements

More in Common, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020

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

Revenue Recognition – Consulting Fees

Consulting fee income is recognized when obligations under the terms of a contract with customers are satisfied. Income is measured as the amount of consideration expected to be received in exchange for providing services. The Organization's contracts generally include standard commercial payment terms. Customer payment terms are typically less than one year and as such, the Organization has applied the practical expedient to exclude consideration of significant financing components from the determination of transaction price. Costs to obtain a contract are generally immaterial, but the Organization has elected the practical expedient to expense these costs as incurred if the amortization period of the capitalized cost would be one year or less.

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.

More in Common, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

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.

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. For the year ended December 31, 2021, the Organization received 74.6% of its contribution revenue from 2 donors. 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 are due from two donors.

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.

More in Common, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

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, 2021 and 2020.

Refundable Advance

The Organization receives advance 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, 2021 and 2020, 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 June 09, 2023, the date the financial statements were available to be issued.

More in Common, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

3. Contributions

Contributions receivable at December 31, are as follows.

| | <u>2021</u> | <u>2020</u> |
|--------------------|------------------|---------------------|
| Less than one year | <u>\$ 90,000</u> | <u>\$ 1,000,000</u> |

4. Related Party Transactions

During the years ended December 31, 2021 and 2020, the Board voted to donate \$0 and \$1,368,003 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, 2021 and 2020, amounts due to More In Common UK were \$0 and \$200,000.

5. Net Assets

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

6. Liquidity

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

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|---------------------|---------------------|
| Cash | \$ 2,368,280 | \$ 1,556,774 |
| Contributions receivable | 90,000 | 1,000,000 |
| Accounts receivable | 5,800 | 1,500 |
| Less: Board designated reserve fund | <u>(300,000)</u> | <u>(300,000)</u> |
| | <u>\$ 2,164,080</u> | <u>\$ 2,258,274</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. 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, 2021 and 2020 was \$30,946 and \$31,575.

More in Common, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

8. Contingencies

The Organization's operations have been affected by the ongoing outbreak of the coronavirus disease (COVID-19). The United States, had 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 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.

* * * * *