Search for Common Ground and Subsidiary

Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

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Search for Common Ground and Subsidiary

Contents

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Independent Auditor's Report

Board of Directors
Search for Common Ground and Subsidiary
Washington, D.C.

Opinion

We have audited the consolidated financial statements of the **Search for Common Ground and Subsidiary** (collectively, referred to as SFCG or the Organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated 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 GAAS 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 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 GAAS, 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 the Organization'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 the Organization'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.

BDO USA, LLP

August 23, 2021

Consolidated Financial Statements

Search for Common Ground and Subsidiary

Consolidated Statements of Financial Position

December 31,		**2020**		2019
Assets				
Cash	$	**8,748,614**	$	5,772,374
Grants and contracts receivable		**2,652,095**		2,874,358
Advances and other receivables, net		**959,268**		1,541,069
Prepaid expenses and other current assets		**323,279**		423,264
Fixed assets				
Furniture and fixtures		**233,737**		233,736
Office equipment		**1,361,220**		1,361,220
Software and computer equipment		**145,475**		145,475
Website		**338,191**		338,191
Vehicles		**35,785**		35,785
Less: accumulated depreciation and amortization		**(1,930,969)**		(1,821,277)
Fixed assets, net		**183,439**		293,130
Due from SFCG Affiliate		**484,629**		-
Deposits		**165,824**		140,931
Total assets	$	**13,517,148**	$	11,045,126
Liabilities and Net Assets				
Liabilities				
Accounts payable	$	**1,110,783**	$	1,016,655
Other accrued expenses		**2,644,474**		2,201,518
Paycheck Protection Program note payable		**1,074,391**		-
Other liabilities		**491,161**		390,150
Refundable advances		**3,603,651**		3,340,581
Line of credit		**100,000**		200,000
Note payable		**25,000**		50,000
Related party promissory note		**-**		694,329
Due to SFCG Affiliate		**-**		779,834
Total liabilities		**9,049,460**		8,673,067
Commitments and contingencies				
Net assets				
Without donor restrictions		**4,351,439**		2,372,059
With donor restrictions		**116,249**		-
Total net assets		**4,467,688**		2,372,059
Total liabilities and net assets	$	**13,517,148**	$	11,045,126

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiary

Consolidated Statement of Activities and Change in Net Assets

Year Ended December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Grant and contract revenue	$ 26,083,071	$ 150,000	$ 26,233,071
Contributions	4,534,904	-	4,534,904
Other revenue	21,177	-	21,177
Interest	1,379	-	1,379
Net assets released from donor restrictions	33,751	(33,751)	-
Total revenue and support	30,674,283	116,249	30,790,532
Expenses			
Program services:			
Africa programs	14,001,357	-	14,001,357
Asia programs	2,336,256	-	2,336,256
MENA programs	2,971,045	-	2,971,045
Global programs	8,448,898	-	8,448,898
Total program services	27,757,557	-	27,757,557
Supporting services:			
Management and general	50,684	-	50,684
Fundraising	874,465	-	874,465
Total supporting services	925,148	-	925,148
Total expenses	28,682,705	-	28,682,705
Change in net assets before non-operating activity	1,991,578	116,249	2,107,827
Non-operating activity			
Foreign exchange loss	(12,198)	-	(12,198)
Change in net assets	1,979,380	116,249	2,095,629
Net assets without donor restrictions, beginning of the year	2,372,059	-	2,372,059
Net assets without donor restrictions, end of the year	$ 4,351,439	$ 116,249	$ 4,467,688

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiary

Consolidated Statement of Activities and Change in Net Assets

Year Ended December 31, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Grant and contract revenue	$ 22,376,391	$ 42,525	$ 22,418,916
Contributions	2,802,300	-	2,802,300
Other revenue	26,476	-	26,476
Interest	8,713	-	8,713
Net assets released from donor restrictions	112,815	(112,815)	-
Total revenue and support	25,326,695	(70,290)	25,256,405
Expenses			
Program services:			
Africa programs	12,586,364	-	12,586,364
Asia programs	3,140,872	-	3,140,872
MENA programs	4,230,072	-	4,230,072
Global programs	5,478,138	-	5,478,138
Total program services	25,435,446	-	25,435,446
Supporting services:			
Management and general	1,185,588	-	1,185,588
Fundraising	1,976,807	-	1,976,807
Total supporting services	3,162,395	-	3,162,395
Total expenses	28,597,841	-	28,597,841
Change in net assets before non-operating activity	(3,271,146)	(70,290)	(3,341,436)
Non-operating activity			
Foreign exchange loss	(23,556)	-	(23,556)
Change in net assets	(3,294,702)	(70,290)	(3,364,992)
Net assets without donor restrictions, beginning of the year	5,666,761	29,204,633	34,871,394
Cumulative effect of a change in accounting principle related to revenue recognition	-	(29,134,343)	(29,134,343)
Net assets without donor restrictions, end of the year	$ 2,372,059	$ -	$ 2,372,059

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020	Program Services: Africa Programs	Program Services: Asia Programs	Program Services: MENA Programs	Program Services: Global Programs	Program Services: Total Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total Expenses
Salaries and benefits	$ 4,825,499	$ 1,000,755	$ 1,729,487	$ 3,185,150	$ 10,740,890	$ 2,822,788	$ 506,413	$ 3,329,201	$ 14,070,091
Subgrants	723,373	249,539	1,772	2,619,059	3,593,742	-	-	-	3,593,742
Travel	727,155	100,432	41,159	233,358	1,102,104	99,327	3,801	103,128	1,205,232
Consultants and professional services	222,586	62,953	165,127	1,136,753	1,587,418	601,521	322,925	924,446	2,511,864
Program activities	1,108,967	72,375	23,362	497,806	1,702,510	28,114	3,580	31,694	1,734,204
Education and seminars	541,033	95,183	10,232	46,927	693,375	1,352	-	1,352	694,727
Conferences and meetings	656,437	119,171	22,364	9,995	807,967	-	-	-	807,967
Office expenses	721,557	28,045	18,937	123,194	891,734	281,146	3,196	284,342	1,176,076
Rent	277,581	54,967	11,076	126,332	469,956	298,299	11,848	310,147	780,102
TV, video and radio production	964,988	101,924	-	11,746	1,078,658	-	-	-	1,078,658
Research and development	293,407	42,210	1,304	81,063	417,984	11,442	787	12,229	430,213
Equipment	106,238	11,014	1,549	23,838	142,638	-	1,323	1,323	143,961
Bank charges and other fees	72,642	7,584	216	8,238	88,680	66,691	959	67,649	156,329
Interest	-	-	-	-	-	5,722	-	5,722	5,722
Other expenses	22,191	5,544	3,793	18,990	50,518	9,709	6,729	16,438	66,956
Professional legal services	24,978	-	1,177	24,631	50,786	66,383	-	66,383	117,169
Depreciation and amortization	-	-	-	48,457	48,457	48,329	12,905	61,234	109,691
	11,288,631	1,951,697	2,031,554	8,195,537	23,467,418	4,340,822	874,465	5,215,287	28,682,705
Overhead allocation	2,712,726	384,560	939,491	253,362	4,290,139	(4,290,139)	-	(4,290,139)	-
Total	$ 14,001,357	$ 2,336,256	$ 2,971,045	$ 8,448,898	$ 27,757,557	$ 50,684	$ 874,465	$ 925,148	$ 28,682,705

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended December 31, 2019	Program Services: Africa Programs	Program Services: Asia Programs	Program Services: MENA Programs	Program Services: Global Programs	Program Services: Total Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total Expenses
Salaries and benefits	$ 4,137,710	$ 1,063,592	$ 1,732,918	$ 1,457,835	$ 8,392,055	$ 3,705,113	$ 934,829	$ 4,639,942	$ 13,031,997
Subgrants	390,335	157,993	188,413	2,647,471	3,384,212	-	-	-	3,384,212
Travel	697,004	225,338	342,466	173,099	1,437,907	501,727	112,432	614,159	2,052,066
Consultants and professional services	255,368	244,944	308,226	664,867	1,473,405	701,150	637,011	1,338,161	2,811,566
Program activities	1,047,860	119,336	170,247	9,559	1,347,002	66,612	37,298	103,910	1,450,912
Education and seminars	707,868	94,602	71,201	6,920	880,591	32,385	199	32,584	913,175
Conferences and meetings	275,395	328,282	35,711	32,785	672,173	10,046	178,419	188,465	860,638
Office expenses	641,766	38,192	67,051	67,994	815,003	195,606	9,539	205,145	1,020,148
Rent	326,604	72,449	131,085	53	530,191	303,271	-	303,271	833,462
TV, video and radio production	738,383	113,284	38,173	41,269	931,109	321	1,140	1,461	932,570
Research and development	221,768	35,006	44,637	15,590	317,001	21,036	9,640	30,676	347,677
Equipment	295,829	5,159	34,820	35,434	371,242	32,098	16,833	48,931	420,173
Bank charges and other fees	83,324	15,984	6,950	705	106,963	61,470	2,592	64,062	171,025
Interest	-	-	-	14,375	14,375	-	-	-	14,375
Other expenses	10,263	10,476	9,034	277	30,050	5,449	26,357	31,806	61,856
Professional legal services	25,861	10,682	21,182	7,104	64,829	131,218	540	131,758	196,587
Depreciation and amortization	-	-	-	34,262	34,262	51,162	9,978	61,140	95,402
	9,855,338	2,535,319	3,202,114	5,209,599	20,802,370	5,818,664	1,976,807	7,795,471	28,597,841
Overhead allocation	2,731,026	605,553	1,027,958	268,539	4,633,076	(4,633,076)	-	(4,633,076)	-
Total	$ 12,586,364	$ 3,140,872	$ 4,230,072	$ 5,478,138	$ 25,435,446	$ 1,185,588	$ 1,976,807	$ 3,162,395	$ 28,597,841

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiary

Consolidated Statements of Cash Flows

Year Ended December 31,	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 2,095,629	$ (3,364,992)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	109,691	95,402
(Increase) decrease in assets		
Grants and contracts receivable	222,263	(998,570)
Advances and other receivables	581,801	(1,396,178)
Prepaid expenses and other current assets	99,985	(113,804)
Deposits	(24,893)	(6,357)
Increase (decrease) in liabilities		
Accounts payable	94,128	576,747
Other accrued expenses	442,956	437,945
Federal relief	1,074,391	-
Refundable advances	263,070	3,125,353
Other liabilities	101,011	(114,975)
Due to SFCG Affiliate	(1,264,463)	60,722
Net cash provided by (used in) operating activities	3,795,569	(1,698,707)
Cash flows from investing activities:		
Purchase of fixed assets	-	(123,019)
Cash flows from financing activities:		
Proceeds from line of credit	100,000	200,000
Repayment on line of credit	(200,000)	-
Repayment of note payable	(25,000)	-
Proceeds from promissory note	-	500,000
Repayment on promissory note	(694,329)	(354,981)
Net cash (used in) provided by financing activities	(819,329)	345,019
Net increase (decrease) in cash and cash equivalents	2,976,240	(1,476,707)
Cash and cash equivalents at beginning of year	5,772,374	7,249,081
Cash and cash equivalents at end of year	$ 8,748,614	$ 5,772,374
Supplemental disclosure of cash flow information		
Interest paid	$ 15,927	$ 29,874

See accompanying notes to the consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

Search for Common Ground (SFCG) is an independent, non-profit organization dedicated to finding workable solutions to divisive national and international problems. SFCG's programs aim to channel conflict toward constructive outcomes in order to build a more secure and peaceful world.

Soliya, Inc. (Soliya) was incorporated as a New York not-for-profit corporation in July 2002 and is a wholly owned component of SFCG. Soliya's mission is global but Soliya's current focus is on strengthening relationships and fostering cooperation between youth from Western and predominately Muslim societies. Rising cultural and religious tensions within and between these societies play a major role in preventing people worldwide from working collaboratively to find mutually beneficial solutions to global challenges. Soliya aims to bridge this divide by directly connecting young adults from diverse communities and empowering them to use the latest in new media and communication technologies to share their voices, build respectful relationships and inspire understanding.

Organization Operating Structure

SFCG and Soliya's operational structure includes the following program and supporting services, which are included in the accompanying statement of activities:

Program Services

Program services are performed on both a regional scale including Africa, Asia, the Middle East and North Africa (MENA), as well as through cross jurisdictional global programs. These program services involve partnering with people around the world to ignite shared solutions to destructive conflicts. These services operate at all levels of society to build sustainable peace through three main avenues: dialogue, media and community outreach.

Supporting Services

The *Management and General* category include the functions necessary to provide core mission support and proper administrative functioning of SFCG and Soliya.

Fundraising includes expenditures which provide the structure necessary to encourage and secure financial resources for SFCG and Soliya's worldwide operations and programs.

Basis of Presentation

The accompanying consolidated financial statements of SFCG and Soliya (collectively, the "Organization") are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting, whereby revenue and support are recognized when earned and expenses are recognized when incurred.

The accompanying consolidated financial statements represent the activity of the Organization's United States operations only. These consolidated financial statements do not include Search for Common Ground Belgium, based in Brussels, Belgium (see Note 8).

Cash and cash equivalents

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. Amounts held in excess of the FDIC limits were $6,015,643 and $1,940,139 as of December 31, 2020 and 2019, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

The Organization has operations in many countries throughout the world, many of which have politically and economically volatile environments and whose governments are still in development stages. As a result, the Organization may have financial risks associated with these operations including, but not limited to, such matters as the assessment of additional local taxes and foreign currency risk. The Organization had $2,186,313 and $3,325,671 of cash and cash equivalents held at financial institutions in foreign countries as of December 31, 2020 and 2019, respectively. The majority of funds invested in foreign countries are uninsured. The Organization limits financial risk of cash held in foreign countries by considering banking stability, and attempting, when possible, to limit advances of cash to international locations.

Foreign currency translation

The U.S. Dollar is the functional currency for the Organization's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into dollars at the exchange rate in effect at the date of the Statement of Financial Position.

Grants and contracts receivable

The Organization receives funding from grants and contracts received from U.S. and foreign governments, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through the performance of program activities and/or from incurring qualifying expenses for programs. These balances are all receivable in less than one year and are carried at their net realizable value, which approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets

Fixed assets purchased with a cost of $5,000 or more are capitalized and shown in the Consolidated Statement of Financial Position. Fixed assets are depreciated/amortized on the straight-line method over the estimated useful lives of the related assets, generally five to seven years. Depreciation and amortization expense for the years ended December 31, 2020 and 2019 totaled $109,691 and $95,402, respectively. The cost of maintenance and repairs is recorded as expenses are incurred.

The Organization also purchases equipment for its various programs with funding received from the U.S. Government. Under the terms of these agreements, title to equipment remains with the Organization, but the donor generally retains control of the equipment until disposition at the end of the award period. Therefore, equipment purchased under these U.S. Government programs are expensed when incurred and such assets are not reflected as capital assets in the accompanying Consolidated Statement of Financial Position.

Income taxes

SFCG and Soliya are both exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are not private foundations under Section 509(a)(1). SFCG is only subject to tax on unrelated business income.

The Organization recognizes the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The effects of a tax position cannot be recognized in the consolidated financial statements unless it is "more-likely-than-not" to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that SFCG is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits, no benefits of the position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. As of December 31, 2020, there were certain tax positions for which a liability was recorded related to international tax matters. SFCG and Soliya are no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2017. There were no material interest or penalties recorded for the years ended December 31, 2020.

The Organization does not believe there are any unrecognized tax benefits that should be recorded.

Net asset classification

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or grantor) restrictions are recorded as net assets without donor restrictions.

- **Net Assets With Donor Restrictions** - Net assets subject to donor-imposed stipulations. This includes net assets expected to be met either by actions of the Organization and/or the passage of time and net assets subject where the principal amount must be maintained in perpetuity.

Grants, contracts and contributions

Revenue from grants and contracts are considered contributions since the donor does not receive commensurate value for the consideration received by the Organization; rather, the purpose of an arrangement is for the benefit of the general public. These arrangements are governed by various stipulations that are related to the purpose of the agreement and regulations of the government or donor providing the support. Revenue is recognized when qualified expenditures are incurred, or a milestone or other deliverable is satisfied and conditions or the grant agreement are met. In the event the Organization's expenses under a contract exceed specified ceilings in the contract, the Organization's net assets without donor restrictions absorb excess direct and indirect costs. The Organization has $61,787,433 in conditional grants and awards outstanding at December 31, 2020.

The Organization's U.S. government revenues are derived primarily from awards with U.S. Department of State, U.S. Agency for International Development (USAID) and U.S. Institute for Peace. These grants and contracts include provisions relating to the reimbursement of direct costs and indirect expenses at provisional rates. The recoveries billable during the year at the provisional rates are adjusted at year-end based on the final actual indirect cost rates for the year. Any variance between the actual indirect cost rate and the final negotiated indirect cost rate is recorded as an adjustment to revenue in the year the final rate is negotiated.

Allowable expenses incurred in excess of cumulative reimbursements are reported as grants and contracts receivable. Cash received in excess of allowable expenditures is reported as refundable donor advances.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Change in Net Assets. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Management and general expenses include those costs that are not directly identifiable with any specific function, but which provide for the overall support and direction to the Organization. Certain costs have been allocated among the programs and supporting services benefited. Those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis(ie: square footage or usage rate).

Recent Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. On April 8, 2020, the FASB issued an ASU to extend the effective date for private companies and certain not-for-profit entity. It will now be effective for fiscal periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Management continues to evaluate the potential impact of this guidance on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This ASU was issued to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The ASU states that contributed nonfinancial assets be presented on a separate item in the statement of activities apart from contributions of cash and other financial assets. The ASU also outlines specific disclosures that must be made regarding the contributed nonfinancial assets. The ASU is effective for fiscal years after June 15, 2021. Early adoption is permitted. Management is evaluating the potential impact of this guidance on its consolidated financial statements.

2. Liquidity and Availability

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

December 31,		**2020**		2019
Financial assets at year-end:				
Cash and cash equivalents	**$**	**8,748,614**	$	5,772,374
Grants and contracts receivable		**2,652,095**		2,874,358
Advances and other receivables		**959,268**		1,541,069
Total financial assets		**12,359,977**		10,187,801
Less amounts not available to be used for general expenditures withing one year:				
Line of credit		**(100,000)**		(200,000)
Note payable		**(25,000)**		(25,000)
Refundable advances		**(3,603,651)**		(3,340,581)
		(3,728,651)		(3,565,581)
Financial assets available to meet cash needs for general expenditures within one year	**$**	**8,631,326**	$	6,622,220

The Organization is substantially supported by grants, contracts and contributions. Grants and contracts funds cannot be accessed until the expenditures are incurred. The Organization is obligated to spend refundable advances in accordance with its contractual obligations over the next 12 months and therefore those assets are not available to meet general cash needs. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of December 31, 2020, the Organization has financial assets equal to approximately four months of operating expenses.

3. Leases

Operating Leases

The Organization signed a three-year lease agreement for new office space which commenced on November 1, 2018, with an initial termination date of October 31, 2021. Base rent for the new space is $32,200 per month over the life of the lease. The Organization also leases offices and guest houses in several foreign countries under short-term lease agreements of less than one year.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,		
2021	$	357,723
2022		214,558
	$	572,281

Rental expense, including short-term lease agreements for overseas offices and housing, amounted to $780,102 and $833,461 for the years ended December 31, 2020 and 2019, respectively.

4. Line of Credit

SFCG entered into a $1,000,000 line of credit agreement with a financial institution in March 2020. The line of credit is a one-year agreement with an interest rate of LIBOR daily floating rate plus 2.75 percentage points. The line of credit expires on February 9, 2023.

Soliya has an unsecured line of credit of $200,000 with a financial institution. Interest is payable at 2.75% plus the prime rate, which at December 31, 2020 amounted to 7.50%. Soliya borrowed and had an outstanding balance of $200,000 at December 31, 2019, which was repaid during 2020. Soliya subsequently borrowed $100,000 during 2020, which remained outstanding as of December 31, 2020. The Soliya unsecured line of credit is payable on demand from the Lender.

5. Note Payable

Soliya entered into a three-year note payable agreement on May 10, 2018 totaling $75,000 with an independent not-for-profit organization. The note payable bears no interest. As of December 31, 2020 and 2019, the outstanding balance on the note payable was $25,000 and $50,000, respectively. The remaining annual payment of $25,000 is scheduled to be repaid by the year ended December 31, 2021.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

December 31,	**2020**	2019
Subject to expenditures for specific purposes:		
Peace and Stabilization Operations Program	**$ 116,249**	$ -

For the years ended December 31, 2020 and 2019, donor restrictions were met by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

Years Ended December 31,	**2020**	2019
Satisfaction of Purpose Restrictions:		
Peace and Stabilization Operations Program	**$ 33,751**	$ 85,771
Satisfaction of time restrictions	**-**	27,044
	$ 33,751	$ 112,815

7. Commitments and Contingencies

In the course of normal business operations, the Organization is faced with routine legal matters. In the opinion of management, all matters are adequately covered by insurance or the costs have been accrued.

U.S. government grants and contracts are subject to audit by various governmental agencies. Management believes, any potential disallowed costs would not be material to the consolidated financial statements. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2018.

USAID approves indirect cost rates annually. The rates have been finalized for the year ended December 31, 2019. Based on calculations for the year ended December 31, 2020, those rates may be much lower than the approved provisional rates used in previous years.

8. Related Party Transactions

Related Party Promissory Notes

In February 2018, SFCG signed a promissory note with a board member in the amount of $3,000,000 as a letter of credit option with an initial maturity date of February 9, 2023. On October 15, 2019, the note was amended to include a maximum of line of credit for general management needs of $500,000, the remaining available balance must be used for specific grant needs. The note accrues simple interest, equal to the LIBOR rate plus the rate margin. As of December 31, 2020 and 2019, SFCG had an outstanding balance on the note totaling $0 and $694,329, respectively. SFCG incurred interest expense of $10,670 and $14,481 for the years ended December 31, 2020 and 2019, respectively, related to the related party promissory note.

Related Party Contribution

During 2020, SFCG received pledges from two board members totaling $1,750,000, which are recorded as an unconditional contributions in the statement of activities.

Related Party Administrative Function

The SFCG's Chief Executive Officer is a member of the Board of Directors of Search for Common Ground Belgium, however SFCG does not have control of the management or activities of the entity. SFCG provides various administrative services to Search for Common Ground Belgium. As of December 31, 2020, the amount due to SFCG from Search for Common Ground Belgium totaled $484,629. As of December 31, 2019, the amount due from SFCG to Search for Common Ground Belgium totaled $779,834.

Related Party Fixed Grant Awards

During 2020, Soliya entered into two agreements with Search for Common Ground Belgium to provide services for the *Erasmus+ Virtual Exchange* and the *First Year Connect* programs. For the years ended December 31, 2020 and 2019, Soliya billed and received $563,561 and $641,115, respectively, for the services provided related to these programs.

9. Retirement Plan

Effective January 1, 1998, SFCG adopted a 403(b) elective deferral contribution plan (the Plan). The Plan provides retirement benefits to participating employees who meet the minimum age and services requirements. Employer plan contributions are made at the discretion of management. Contributions to the Plan during the years ended December 31, 2020 and 2019 totaled $95,990 and $4,717.

10. COVID-19 and CARES Act

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Organization's operations are heavily dependent on both public and private funding from governments, foundations, corporations and individuals, as well as the sale of certain products. Access to grants and contracts from federal, state and local governments may decrease or may not be available depending on appropriations. As of the date of this report, there is a lot of optimism that the United States is nearing the end of the pandemic as millions of individuals are being vaccinated each day. The end of the pandemic offers renewed hope that the economy will regain strength going into the second half of 2021. Nevertheless, the COVID-19 pandemic continues to present material uncertainty and risk with respect to the Organization, its performance, and its financial results.

On December 27, 2020, President Trump signed into law "Consolidated Appropriations Act, 2021" The Consolidated Appropriations Act, 2021, among other things, includes provisions relating to refundable payroll tax credits, over $900 billion for various coronavirus relief programs and government funding of $1.4 trillion.

The Organization obtained funds from the Small Business Administration (SBA) Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. SFCG applied for and received a SBA Paycheck Protection Program loan totaling $934,407, which was forgiven during 2021 and recorded on the Statement of Financial Position. Soliya applied for and received a SBA Paycheck Protection Program loan totaling $139,984, which was forgiven during 2021 and recorded on the Statement of Financial Position.

11. Subsequent Events

The Organization has evaluated subsequent events for recognition and disclosure through August 23, 2021, the date the consolidated financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements except as noted below:

On March 11, 2021, the American Rescue Plan Act of 2021 (the 2021 Act) was passed, a $1.9 trillion stimulus relief package that is intended to provide support to individuals and businesses affected by COVID-19. The Organization continues to evaluate the impact, if any, the 2021 Act will have on its operations.