Search for Common Ground and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

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Years Ended December 31, 2023 and 2022

Search for Common Ground and Subsidiaries

Contents

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of **Search for Common Ground and Subsidiaries** (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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 consolidated financial position of **Search for Common Ground and Subsidiaries** as of December 31, 2023 and 2022, and the changes in their net assets and their 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 Consolidated 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 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, P.C.

September 30, 2024

Consolidated Financial Statements

Search for Common Ground and Subsidiaries

Consolidated Statements of Financial Position

December 31,	**2023**	2022
Assets		
Cash	**$ 12,402,936**	$ 9,515,626
Grants and contracts receivable	**3,094,524**	6,288,349
Inventory	**307,700**	-
Advances to others	**1,489,942**	1,345,255
Prepaid expenses and other current assets	**664,378**	485,360
Fixed assets		
Buildings and leasehold improvements	**500,655**	-
Furniture and fixtures	**226,392**	226,393
Office equipment	**1,604,447**	1,396,775
Software and computer equipment	**145,475**	145,475
Vehicles	**26,143**	24,925
Less: accumulated depreciation and amortization	**(1,946,012)**	(1,769,534)
Fixed assets, net	**557,100**	24,034
Investments	**4,893,394**	-
Operating lease right-of-use assets	**433,469**	927,004
Deposits	**96,581**	106,808
Total assets	**$ 23,940,024**	$ 18,692,436
Liabilities and Net Assets		
Liabilities		
Accounts payable	**$ 799,651**	$ 917,965
Other accrued expenses	**1,750,383**	1,891,669
Other liabilities	**576,547**	408,061
Refundable advances	**6,493,002**	4,653,423
Line of credit	**145,000**	200,000
Due to SFCG Affiliate	**1,235,365**	523,534
Operating lease liability	**397,470**	931,963
Total liabilities	**11,397,418**	9,526,615
Commitments and contingencies		
Net assets		
Without donor restrictions	**5,133,729**	2,551,411
With donor restrictions	**7,408,877**	6,614,410
Total net assets	**12,542,606**	9,165,821
Total liabilities and net assets	**$ 23,940,024**	$ 18,692,436

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiaries

Consolidated Statement of Activities and Change in Net Assets

Year Ended December 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Grants and contracts revenue	$ 32,601,258	$ -	$ 32,601,258
Contributions	2,286,985	3,409,622	5,696,607
Other revenue	23,225	-	23,225
Investment return	358,079	-	358,079
Net assets released from donor restrictions	2,942,899	(2,942,899)	-
Total revenue and support	38,212,446	466,723	38,679,169
Expenses			
Program services:			
Africa programs	15,107,505	-	15,107,505
Asia programs	6,381,804	-	6,381,804
MENA programs	3,868,423	-	3,868,423
Global programs	8,260,887	-	8,260,887
North America programs	199,490	-	199,490
South America programs	235,455	-	235,455
Total program services	34,053,564	-	34,053,564
Supporting services:			
Management and general	8,179,352	-	8,179,352
Fundraising	2,516,460	-	2,516,460
Total supporting services	10,695,812	-	10,695,812
Total expenses	44,749,376	-	44,749,376
Change in net assets before non-operating activities	(6,536,930)	466,723	(6,070,207)
Non-operating activities			
Acquisition of PLC	8,567,474	327,744	8,895,218
Foreign exchange gain	551,774	-	551,774
Change in net assets	2,582,318	794,467	3,376,785
Net assets, beginning of the year	2,551,411	6,614,410	9,165,821
Net assets, end of the year	$ 5,133,729	$ 7,408,877	$ 12,542,606

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiaries

Consolidated Statement of Activities and Change in Net Assets

Year Ended December 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Grants and contracts revenue	$ 35,940,299	$ 4,951,000	$ 40,891,299
Contributions	1,268,848	400,000	1,668,848
Other revenue	44,621	-	44,621
Interest	1,829	-	1,829
Net assets released from donor restrictions	1,760,397	(1,760,397)	-
Total revenue and support	39,015,994	3,590,603	42,606,597
Expenses			
Program services:			
Africa programs	16,808,337	-	16,808,337
Asia programs	5,326,316	-	5,326,316
MENA programs	6,173,721	-	6,173,721
Global programs	6,126,517	-	6,126,517
Total program services	34,434,891	-	34,434,891
Supporting services:			
Management and general	5,663,137	-	5,663,137
Fundraising	1,527,954	-	1,527,954
Total supporting services	7,191,091	-	7,191,091
Total expenses	41,625,982	-	41,625,982
Change in net assets before non-operating activity	(2,609,988)	3,590,603	980,615
Non-operating activity			
Foreign exchange loss	(282,900)	-	(282,900)
Change in net assets	(2,892,888)	3,590,603	697,715
Net assets, beginning of the year	5,444,299	3,023,807	8,468,106
Net assets, end of the year	$ 2,551,411	$ 6,614,410	$ 9,165,821

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiaries

Consolidated Statement of Functional Expenses

	Program Services							Supporting Services			
Year Ended December 31, 2023	Africa Programs	Asia Programs	MENA Programs	Global Programs	North America Programs	South America Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and benefits	$ 6,290,317	$ 2,608,734	$ 1,935,607	$ 3,930,936	$ 100,836	$ 20,067	$ 14,886,497	$ 5,386,171	$ 1,684,584	$ 7,070,755	$ 21,957,252
Subgrants	2,718,302	1,321,683	725,024	2,232,378	40,397	215,208	7,252,992	36,628	-	36,628	7,289,620
Travel	1,214,052	379,391	106,694	260,802	15,352	1,442	1,977,733	353,062	55,154	408,216	2,385,949
Consultants and professional services	624,351	764,653	505,676	1,045,313	126	(2,387)	2,937,732	1,277,071	559,903	1,836,974	4,774,706
Program activities	638,195	716,503	155,865	330,397	6,495	181	1,847,636	614	2,275	2,889	1,850,525
Education and seminars	757,923	155,192	21,737	59,233	-	-	994,085	17,977	831	18,808	1,012,893
Conferences and meetings	218,798	133,915	1,206	80,314	-	-	434,233	43,909	1,631	45,540	479,773
Office expenses	860,891	75,202	63,705	28,146	4,848	502	1,033,294	339,130	17,241	356,371	1,389,665
Rent	330,542	104,666	116,988	3,607	9,418	-	565,221	226,066	185	226,251	791,472
TV, video and radio production	373,635	-	2,500	17,728	-	-	393,863	1,634	-	1,634	395,497
Research and development	689,163	49,016	35,040	31,708	-	-	804,927	11,662	3,001	14,663	819,590
Equipment	124,750	28,848	(57)	8,016	-	-	161,557	5,157	1,376	6,533	168,090
Bank charges and other fees	102,612	34,888	52,545	6,717	16	414	197,192	167,455	5,683	173,138	370,330
Interest	-	-	-	-	-	-	-	17,878	-	17,878	17,878
Other expenses	139,992	5,840	106,468	201,280	14,218	28	467,826	231,259	170,362	401,621	869,447
Professional legal services	23,982	3,273	13,218	778	-	-	41,251	57,895	8,217	66,112	107,363
Depreciation and amortization	-	-	26,207	23,534	7,784	-	57,525	5,784	6,017	11,801	69,326
Total	$ 15,107,505	$ 6,381,804	$ 3,868,423	$ 8,260,887	$ 199,490	$ 235,455	$ 34,053,564	$ 8,179,352	$ 2,516,460	$ 10,695,812	$ 44,749,376

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022	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	$ 6,214,379	$ 2,408,125	$ 2,598,459	$ 2,676,370	$ 13,897,333	$ 2,995,203	$ 887,154	$ 3,882,357	$ 17,779,690
Subgrants	2,928,280	750,694	933,325	1,840,027	6,452,326	-	-	-	6,452,326
Travel	1,464,238	327,328	228,534	199,725	2,219,825	372,492	37,311	409,803	2,629,628
Consultants and professional services	573,859	853,062	722,560	759,000	2,908,481	702,924	308,795	1,011,719	3,920,200
Program activities	782,828	380,341	1,136,478	182,971	2,482,618	4,567	86,860	91,427	2,574,045
Education and seminars	1,255,053	168,248	156,127	59,795	1,639,223	-	34,789	34,789	1,674,012
Conferences and meetings	391,375	153,680	11,192	71,478	627,725	64,645	13,408	78,053	705,778
Office expenses	1,065,327	69,493	85,972	33,339	1,254,131	261,459	12,709	274,168	1,528,299
Rent	359,404	84,927	110,509	35,563	590,403	259,269	8,958	268,227	858,630
TV, video and radio production	638,953	901	10,836	-	650,690	-	-	-	650,690
Research and development	711,903	38,272	70,285	4,694	825,154	10,661	22,211	32,872	858,026
Equipment	160,427	36,061	7,268	6,435	210,191	11,686	1,589	13,275	223,466
Bank charges and other fees	105,440	35,588	40,233	1,785	183,046	50,080	6,149	56,229	239,275
Interest	-	-	-	-	-	9,520	-	9,520	9,520
Other expenses	121,146	17,409	42,974	203,149	384,678	784,866	97,970	882,836	1,267,514
Professional legal services	35,725	2,187	18,969	1,046	57,927	113,525	-	113,525	171,452
Depreciation and amortization	-	-	-	51,140	51,140	22,240	10,051	32,291	83,431
Total	$ 16,808,337	$ 5,326,316	$ 6,173,721	$ 6,126,517	$ 34,434,891	$ 5,663,137	$ 1,527,954	$ 7,191,091	$ 41,625,982

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31,	**2023**	2022
Cash flows from operating activities:		
Change in net assets	**$ 3,376,785**	$ 697,715
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of operating lease right-of-use assets	**493,535**	836,526
Depreciation and amortization	**69,326**	83,431
Loss on disposal of fixed assets	**30,136**	16,064
Acquisition of PLC, net of cash received	**(8,121,151)**	-
(Increase) decrease in assets		
Grants and contracts receivable	**3,193,825**	(2,054,275)
Inventory	**54,681**	-
Advances to others	**(144,687)**	686,559
Prepaid expenses and other current assets	**(58,472)**	94,896
Deposits	**10,227**	48,110
Increase (decrease) in liabilities		
Accounts payable	**(677,552)**	100,011
Other accrued expenses	**(141,286)**	(564,796)
Other liabilities	**168,486**	(198,144)
Refundable advances	**1,839,579**	(714,488)
Due to SFCG Affiliate	**711,831**	(1,608,904)
Principal reduction in operating lease liabilities	**(534,493)**	(868,677)
Net cash provided by (used in) operating activities	**270,770**	(3,445,972)
Cash flows from investing activities:		
Proceeds from sale of investments	**2,671,540**	-
Purchase of fixed assets	**-**	(8,032)
Net cash provided by (used in) investing activities	**2,671,540**	(8,032)
Cash flows from financing activities:		
Repayment of related party promissory note	**-**	(421,910)
(Repayment) proceeds from line of credit	**(55,000)**	200,000
Net cash used in financing activities	**(55,000)**	(221,910)
Net increase (decrease) in cash and cash equivalents	**2,887,310**	(3,675,914)
Cash and cash equivalents at beginning of year	**9,515,626**	13,191,540
Cash and cash equivalents at end of year	**$ 12,402,936**	$ 9,515,626
Supplemental disclosure of cash flow information		
Right-of-use assets obtained in exchange for new operating lease liabilities	**$ -**	$ 1,763,530
Non-cash change in deferred rent	**$ -**	$ 37,110
Interest paid	**$ 17,878**	$ 2,410

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 Subsidiaries 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.

Preemptive Love Coalition (PLC) was incorporated as a Texas nonprofit corporation established in 2008. PLC is a global community of peacemakers working to end war. Effective March 7, 2023, SFCG and PLC entered into an affiliation agreement in which SFCG became the sole member of the board of directors of PLC. As of the date of the affiliation agreement, the net assets of PLC were recorded within the accompanying consolidated financial statements (see Note 11).

Organization Operating Structure

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

Program Services

Program services are performed on both a regional scale including Africa, Asia, the Middle East and North Africa (MENA), North America and South America, 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

Management and General includes the functions necessary to provide core mission support and proper administrative functioning of SFCG, Soliya and PLC.

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

Basis of Presentation

The accompanying consolidated financial statements of SFCG, Soliya and PLC (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.

These consolidated financial statements do not include Search for Common Ground Belgium, based in Brussels, Belgium (see Note 9).

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 held in the U.S. 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 $9,145,496 and $6,949,144 as of December 31, 2023 and 2022, 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 held $2,472,716 and $2,234,260 of cash and cash equivalents held at financial institutions in foreign countries as of December 31, 2023 and 2022, 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

The U.S. Dollar is the functional currency for the Organization's worldwide operations. Transactions in the consolidated statements of activities 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 consolidated statements 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. This funding is subject to contractual conditions, 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.

Inventory

Inventory is valued at the lower of cost or net realizable value and consists primarily of merchandise produced and sold by the Organization such as soap, shirts, and books. Management has determined the allowance for obsolescence by reviewing product sales history and current market performance. Special consideration is given to products that are new or deemed by management to be long-lived. Actual losses are recorded as a charge to the allowance as incurred, and additions to the allowance are charged to cost of goods sold. Revenue from the sale of inventory was immaterial for the years ended December 31, 2023 and 2022.

Advances to others

Advances to others consist of advances to the Organization's subgrantees for future program implementation and to the Organization's employees to cover future travel expenses.

Fixed assets

Fixed assets purchased with a cost of $5,000 or more are capitalized and shown in the consolidated statements 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, 2023 and 2022 totaled $69,326 and $83,431, 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 statements of financial position.

Investments

Investments in marketable equity securities with readily determinable fair values and all debt securities are recorded at fair value based on the last reported sales price on the valuation date. Other investments are reported at cost. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Interest and dividend income and the realized and unrealized gains and losses on marketable securities are included in investment return in the accompanying consolidated statements of activities.

Leases

Leases arise from contractual obligations that convey the right to control the use of identified fixed asset for a period of time in exchange for consideration. At the inception of the contract, the Organization determines if an arrangement contains a lease based on whether there is an identified asset and whether the Organization controls the use of the identified asset. The Organization also determines whether the lease classification is an operating or financing lease at the commencement date.

A right-of-use asset represents the Organization's right to use an underlying asset and a lease liability represents the Organization's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement. The implicit rates for the Organization's leases are not readily determinable; therefore, the Organization elected to use a risk-free discount rate at the lease commencement date for all new leases and at January 1, 2022 (the Adoption Date) for any existing leases.

The Organization's real estate and office space-related operating leases typically include non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. The Organization has elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments.

The Organization's lease terms may include options to extend or terminate the lease. The Organization generally uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that the Organization will exercise those options. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a matter of policy, the Organization has elected to exclude leases with terms of 12 months or less (Short-Term) from the date of the consolidated statements of financial position. Short-Term lease expense is recognized on a straight-line basis over the expected term of the lease. The Organization had Short-Term leases expense amounting to $82,801 and $119,951 for the years ended December 31, 2023 and 2022, respectively.

Income taxes

SFCG, Soliya and PLC are all exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and are not private foundations under Section 509(a)(1). The Organization 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 the Organization 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. SFCG, Soliya and PLC are no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2020. There were no material interest or penalties recorded for the years ended December 31, 2023 and 2022.

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

Contributions, which include unconditional promises to give, are accounted for in accordance with ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). Contribution revenue is recognized as revenues in the period received or when the promise is made, if earlier, net of an allowance for any estimated uncollectible amounts.

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’s U.S. Government revenues are derived primarily from awards with U.S. Department of State, U.S. Agency for International Development (USAID), U.S Department of Homeland Security and Department of Health and Human Services. 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.

The Organization has grants and awards which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. The Organization has $36,937,810 and $33,358,363 in conditional grants and awards outstanding on December 31, 2023 and 2022, respectively, and anticipates recognizing the revenue over the next four years.

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 consolidated 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, such as square footage or usage rate.

Recent accounting pronouncements adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments–Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The adoption of this standard did not have a material impact on the Organization's consolidated financial statements.

The Organization has assessed other accounting pronouncements issued or effective during the year ended December 31, 2023, and deemed they were not applicable to the Organization and are not anticipated to have a material effect on the consolidated financial statements.

2. Immaterial Revision of Prior Period Consolidated Financial Statements

Subsequent to the issuance of the December 31, 2022 consolidated financial statements, an error was identified as specific unconditional grant and contribution agreements were incorrectly recorded as conditional contributions in the consolidated financial statements as of December 31, 2022. Management evaluated the error quantitatively and qualitatively and determined the related impact to be immaterial to the consolidated financial statements taken as a whole. As such, the Organization's consolidated financial statements for the year December 31, 2022 have been revised to correct this error.

The effect of this immaterial revision on the consolidated financial statements as of December 31, 2022, was as follows:

Consolidated Statement of Financial Position	As Previously Reported	Adjustment	As Revised
Grants and contracts receivable	$ 4,201,377	$ 2,086,972	$ 6,288,349
Total assets	16,605,464	2,086,972	18,692,436
Refundable advances	7,954,082	(3,300,659)	4,653,423
Total liabilities	12,827,274	(3,300,659)	9,526,615
Net assets without donor restriction	2,778,190	(226,779)	2,551,411
Net assets with donor restriction	1,000,000	5,614,410	6,614,410
Total net assets	3,778,190	5,387,631	9,165,821
Total liabilities and net assets	$ 16,605,464	$ 2,086,972	$ 18,692,436

Consolidated Statement of Activities	As Previously Reported	Adjustment	As Revised
Grants and contracts revenue, without donor restriction	$ 37,350,696	$ (1,410,397)	$ 35,940,299
Grants and contracts revenue, without donor restriction	-	4,951,000	4,951,000
Total grants and contracts revenue	37,350,696	3,540,603	40,891,299
Net assets released from restriction, without donor restriction	350,000	1,410,397	1,760,397
Net assets released from restriction, with donor restriction	(350,000)	(1,410,397)	(1,760,397)
Total revenue and support, with donor restriction	50,000	3,540,603	3,590,603
Total revenue and support	39,065,994	3,540,603	42,606,597
Change in net assets before non-operating activity, with donor restriction	50,000	3,540,603	3,590,603
Change in net assets before non-operating activity	(2,559,988)	3,540,603	980,615
Change in net assets, with donor restriction	50,000	3,540,603	3.590.603
Change in net assets	(2,842,888)	3,540,603	697,715
Net assets with donor restrictions, beginning of year	950,000	2,073,807	3,023,807
Net assets without donor restrictions, beginning of year	5,671,077	(226,778)	5,444,299
Net assets, beginning of year	6,621,077	1,847,029	8,468,106
Net assets with donor restrictions, end of year	1,000,000	5,614,410	6,614,410
Net assets without donor restrictions, end of year	2,778,190	(226,779)	2,551,411
Net assets, end of year	$ 3,778,190	$ 5,387,631	$ 9,165,821

Consolidated Statement of Cash Flows	As Previously Reported	Adjustment	As Revised
Change in net assets	$ (2,842,887)	$ 3,540,602)	$ 697,715
Grants and contracts receivable	32,697	(2,086,972)	(2,054,275)
Refundable advances	739,142	(1,453,630)	(714,488)
Net cash used in operating activities	$ (3,445,972)	$ -	$ (3,445,972)

Notes 1, 3 and 7 have been updated to reflect these adjustments.

3. 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,		**2023**		2022
Financial assets at year-end:				
Cash and cash equivalents	$	**12,402,936**	$	9,515,626
Grants and contracts receivable		**3,094,524**		6,288,349
Investments		**4,893,394**		-
Total financial assets		**20,390,854**		15,803,975
Less amounts not available to be used for general expenditures withing one year:				
Net assets with donor restrictions		**(7,408,876)**		(6,614,410)
Refundable advances		**(6,493,002)**		(4,653,423)
Due to SFCG affiliate		**(1,235,365)**		(523,534)
		(15,137,243)		(11,791,367)
Financial assets available to meet cash needs for general expenditures within one year	$	**5,253,611**	$	4,012,608

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, 2023, the Organization has financial assets equal to approximately two months of operating expenses.

4. Investments and Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820 *Fair Value Measurements* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3 Inputs: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects Organization's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Mutual Funds:

Investments in mutual funds represent units of participation in the respective funds and the fair value is determined by reference to the respective fund's underlying assets, which are principally marketable equities and fixed income securities. Shares held in mutual funds are traded on national securities exchanges and are valued at the net asset value. Investment income from the mutual funds in Organization's consolidated financial statements reflects earnings of the respective underlying funds, including investment income and investment return of the fair value of the investments.

The following tables set forth Organization's investment assets at fair value, by level, as of December 31, 2023. The Organization did not have any investments as of December 31, 2022.

	Investment Assets at Fair Value as of December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	**$ 4,893,394**	**$ -**	**$ -**	**$ 4,893,394**
Total investments	**$ 4,893,394**	**$ -**	**$ -**	**$ 4,893,394**

5. Leases

Operating Leases

The Organization signed a three-year lease agreement for office space in Washington, DC which commenced on November 1, 2018, that will terminate in 2025 if not renewed. This Agreement was renewed for a further term of three years with monthly base rent for first 12 months of $17,761. The Organization also leases office space and guest houses in several foreign countries under non-cancelable lease arrangements which expire at various dates through 2025.

All lease agreements for the year ended December 31, 2023 and 2022 are accounted for under ASC Topic 842.

The Organization assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the Organization's right to control the use of an identified asset for a period of time in exchange for consideration. The Organization has operating leases for office space for its global centers for which a right-of-use asset and a lease liability are recorded in the accompanying consolidated statements of financial position in accordance with ASC Topic 842. The Organization measures its lease assets and liabilities using a risk-free rate of return selected based on the term of the lease.

The Organization considered the likelihood of exercising renewal or termination terms in measuring the right-of-use assets and lease liabilities. If the Organization is reasonably certain to exercise these renewal options at lease inception, the options are considered in determining the lease term, and payments associated with the option years.

The maturity of the lease liability under the Organization's operating leases as of December 31, 2023 is as follows:

Year Ending December 31,		
2024	$	539,485
2025		15,841
Total lease payments		555,326
Less interest		(157,856)
Present value of lease liabilities	$	397,470

Supplemental quantitative information related to operating leases for the year ended December 31, 2023 and 2022:

		2023		2022
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	**$**	**894,565**	$	814,355
Weighted-average remaining lease term – operating leases (years)		**0.79**		1.49
Weighted-average discount rate – operating leases		**1.39%**		0.98%

6. Line of Credit

SFCG entered into a line-of-credit agreement with a financial institution with availability of up to $2 million. The agreement was signed in June 2022 with an expiration date of June 9, 2023. SFCG renewed the agreement subsequent to year-end with a new expiration date of September 30, 2024. Amounts outstanding under the line-of-credit agreement will bear interest at the daily Bloomberg Short-Term Bank Yield Index rate plus 2.50%. There were no outstanding balances at December 31, 2023 and 2022, respectively.

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, 2023 and 2022 amounted to 11.25% and 10.25%, respectively. Soliya had an outstanding balance of $145,000 and $200,000 at December 31, 2023 and 2022, respectively. The Soliya unsecured line of credit is payable on demand from the financial institution.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of:

December 31,		**2023**		2022
Subject to the passage of time	**$**	**1,000,000**	$	950,000
Subject to expenditures for a specific purpose		**6,408,876**		5,664,410
	$	**7,408,876**	$	6,614,410

For the years ended December 31, 2023 and 2022, 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,		**2023**		2022
Satisfaction of time restrictions	**$**	**570,000**	$	350,000
Satisfaction of purpose restrictions		**2,372,899**		1,410,397
	$	**2,942,899**	$	1,760,397

8. 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.

9. Related Party Transactions

Related Party Administrative Function

The SFCG's Chief Executive Officer is a member of the Board of Directors of Search for Common Ground Belgium (SFCG-B), however SFCG does not have control of the management or activities of SFCG-B. SFCG provides various administrative services to SFCG-B. The two organizations also make cash transfers or payments to field offices for the other. As of December 31, 2023 and 2022, the amount due to SFCG-B totaled $1,235,365 and $523,534, respectively.

10. 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, 2023 and 2022 totaled $146,097 and $124,868, respectively.

11. Preemptive Love Coalition Acquisition

Upon execution of the affiliation agreement between SFCG and PLC on March 7, 2023, the net assets of PLC were brought into the accompanying consolidated financial statements on the consolidated statement of activities as entity acquisition for $8,895,218. Under the affiliation agreement, SFCG became the sole member of PLC and has the authority to appoint members to the board of directors. The net assets of PLC as of the acquisition date consisted of:

As of March 7, 2023	
Cash and cash equivalents	$ 774,067
Inventory	362,381
Investments	7,564,934
Prepaid expenses and other current assets	120,546
Fixed assets, net	632,528
Total assets	9,454,456
Accounts payable	(559,238)
Fair value of acquisition	$ 8,895,218

12. Subsequent Events

The Organization has evaluated subsequent events for recognition and disclosure through September 30, 2024, 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 consolidated financial statements.