

**FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2014  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2013**

# SEARCH FOR COMMON GROUND

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Search for Common Ground  
Washington, D.C.

We have audited the accompanying financial statements of Search for Common Ground (SFCG), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SFCG as of December 31, 2014, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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### **Report on Summarized Comparative Information**

We have previously audited SFCCG's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Non-U.S. Governmental Grants on pages 15 - 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



July 24, 2015

**SEARCH FOR COMMON GROUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2014**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013**

**ASSETS**

	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,160,017	\$ 2,152,205
Grants and contracts receivable (Note 7)	27,411,805	28,084,065
Pledges receivable	46,863	-
Advances and other receivables, net of allowance for doubtful accounts of \$226,596 in 2014	357,172	973,046
Due from SFCG Affiliate (Note 9)	-	810,871
Prepaid expenses	<u>262,331</u>	<u>110,847</u>
Total current assets	<u>32,238,188</u>	<u>32,131,034</u>
<b>FIXED ASSETS</b>		
Furniture and fixtures	224,858	224,858
Office equipment	145,475	145,475
Software and computer equipment	<u>1,245,822</u>	<u>1,245,822</u>
	1,616,155	1,616,155
Less: Accumulated depreciation and amortization	<u>(1,612,306)</u>	<u>(1,584,699)</u>
Net fixed assets	<u>3,849</u>	<u>31,456</u>
<b>OTHER ASSETS</b>		
Deposit	<u>80,704</u>	<u>62,289</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 32,322,741</u></b>	<b><u>\$ 32,224,779</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Line of credit (Note 4)	\$ 4,000,000	\$ 1,055,000
Capital lease obligated (Note 2)	1,713	20,277
Accounts payable	865,176	724,195
Other accrued expenses	816,307	804,302
Refundable advance (Note 8)	759,455	759,897
Due to SFCG Affiliate (Note 9)	<u>1,267,336</u>	<u>-</u>
Total current liabilities	<u>7,709,987</u>	<u>3,363,671</u>
<b>LONG-TERM LIABILITIES</b>		
Capital lease obligated, net of current portion (Note 2)	<u>-</u>	<u>1,713</u>
Total liabilities	<u>7,709,987</u>	<u>3,365,384</u>
<b>NET ASSETS</b>		
Unrestricted deficit	(7,460,700)	(3,498,416)
Temporarily restricted (Note 3)	<u>32,073,454</u>	<u>32,357,811</u>
Total net assets	<u>24,612,754</u>	<u>28,859,395</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 32,322,741</u></b>	<b><u>\$ 32,224,779</u></b>

See accompanying notes to financial statements.

## SEARCH FOR COMMON GROUND

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013**

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Grant and contract revenue	\$ -	\$ 22,120,172	\$ 22,120,172	\$ 24,415,361
Contributions	1,049,397	-	1,049,397	742,980
Interest	1,124	-	1,124	1,153
Other revenue	249,099	-	249,099	243,385
In-kind contributions	23,978	-	23,978	-
Net assets released from donor restrictions (Note 3)	<u>22,404,529</u>	<u>(22,404,529)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>23,728,127</u>	<u>(284,357)</u>	<u>23,443,770</u>	<u>25,402,879</u>
<b>EXPENSES</b>				
Program Services	20,747,781	-	20,747,781	23,405,897
Management and General	5,043,783	-	5,043,783	4,441,059
Fundraising	243,914	-	243,914	180,903
Unrestricted	<u>1,654,933</u>	<u>-</u>	<u>1,654,933</u>	<u>130,865</u>
Total expenses	<u>27,690,411</u>	<u>-</u>	<u>27,690,411</u>	<u>28,158,724</u>
Change in net assets before other items	(3,962,284)	(284,357)	(4,246,641)	(2,755,845)
<b>OTHER ITEMS</b>				
Due to donor for closed grants (Note 8)	-	-	-	(759,897)
De-obligation of funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(415,614)</u>
Change in net assets	(3,962,284)	(284,357)	(4,246,641)	(3,931,356)
Net assets at beginning of year	<u>(3,498,416)</u>	<u>32,357,811</u>	<u>28,859,395</u>	<u>32,790,751</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ (7,460,700)</u></b>	<b><u>\$ 32,073,454</u></b>	<b><u>\$ 24,612,754</u></b>	<b><u>\$ 28,859,395</u></b>

## SEARCH FOR COMMON GROUND

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2014 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

	2014				
	Program Services				
	Africa Programs	Asia Programs	MENA Programs	Global Programs	Total Program Services
Salaries and benefits (Note 6)	\$ 3,993,989	\$ 1,086,157	\$ 1,711,536	\$ 738,501	\$ 7,530,183
Consultants and professional services	464,743	114,084	158,672	192,232	929,731
Passthroughs and subgrants	906,414	152,392	472,260	62,750	1,593,816
Equipment	470,212	50,874	16,700	1,452	539,238
Travel	1,064,173	180,092	375,066	190,211	1,809,542
TV/video/radio production	810,742	80,280	128,015	579,043	1,598,080
Education and seminar	1,307,459	74,317	375,899	99,435	1,857,110
Professional legal services	-	-	-	-	-
Research and development	1,315,347	185,511	169,161	2,931	1,672,950
Vehicle expenses	228,420	2,803	29,388	70	260,681
Rent (Note 5)	503,054	66,764	123,674	15,148	708,640
Office expenses	542,231	102,481	93,401	51,397	789,510
Telephone/internet	282,517	31,448	51,016	18,429	383,410
Printing	47,519	7,514	4,137	655	59,825
Postage and delivery	10,911	10,096	786	6,544	28,337
Conferences and meetings	168,749	332,265	236,071	26,019	763,104
Dues and subscriptions	-	362	-	-	362
Bank charges and other fees	162,416	(18,153)	36,063	1,537	181,863
Depreciation and amortization	-	-	-	-	-
Related party contributions (Note 9)	-	-	-	-	-
Other expenses	(3,592)	14,357	30,634	-	41,399
Subtotal	12,275,304	2,473,644	4,012,479	1,986,354	20,747,781
Overhead allocation	2,771,925	558,785	906,401	448,709	4,685,820
<b>TOTAL</b>	<b>\$ 15,047,229</b>	<b>\$ 3,032,429</b>	<b>\$ 4,918,880</b>	<b>\$ 2,435,063</b>	<b>\$ 25,433,601</b>

						2013
Supporting Services						
Management and General	Fundraising	Unrestricted	Total Supporting Services	Total Expenses	Total Expenses	
\$ 2,607,610	\$ 154,587	\$ 149,752	\$ 2,911,949	\$ 10,442,132	\$ 10,173,836	
661,630	-	41,202	702,832	1,632,563	1,689,003	
-	-	-	-	1,593,816	2,025,431	
40,761	5,583	-	46,344	585,582	635,230	
150,710	37,354	2,661	190,725	2,000,267	2,569,655	
-	-	3,278	3,278	1,601,358	2,007,611	
11,579	1,000	-	12,579	1,869,689	1,931,821	
292,565	-	14,412	306,977	306,977	1,299	
3,119	-	84,834	87,953	1,760,903	1,948,487	
823	-	-	823	261,504	495,237	
466,408	-	9,650	476,058	1,184,698	1,193,001	
497,179	4,221	102	501,502	1,291,012	1,584,395	
58,094	304	145	58,543	441,953	518,954	
26,846	1,573	-	28,419	88,244	75,428	
15,952	5,274	99	21,325	49,662	87,296	
109,147	20,742	1,837	131,726	894,830	597,337	
10,256	8,843	-	19,099	19,461	14,118	
62,958	4,308	56,289	123,555	305,418	321,360	
27,607	-	-	27,607	27,607	71,951	
-	-	1,275,000	1,275,000	1,275,000	-	
539	125	15,672	16,336	57,735	217,274	
5,043,783	243,914	1,654,933	6,942,630	27,690,411	28,158,724	
(4,740,920)	55,100	-	-	-	-	
<b>\$ 302,863</b>	<b>\$ 299,014</b>	<b>\$ 1,654,933</b>	<b>\$ 6,942,630</b>	<b>\$ 27,690,411</b>	<b>\$ 28,158,724</b>	



## SEARCH FOR COMMON GROUND

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (4,246,641)	\$ (3,931,356)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	27,607	71,951
Change in allowance for doubtful accounts	226,596	-
(Increase) decrease in:		
Grants and contracts receivable	672,260	2,688,076
Pledges receivable	(46,863)	13,386
Advances and other receivables	389,278	(589,348)
Prepaid expenses	(151,484)	35,043
Deposit	(18,415)	(6,528)
Increase (decrease) in:		
Accounts payable	140,981	(52,551)
Other accrued expenses	12,005	(542,520)
Refundable advance	(442)	759,897
Due to (from) SFCG Affiliate	2,078,207	(810,871)
Deposits	-	(9,720)
Net cash used by operating activities	<u>(916,911)</u>	<u>(2,374,541)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>-</u>	<u>(5,287)</u>
Net cash used by investing activities	<u>-</u>	<u>(5,287)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	7,966,797	4,232,000
Repayment of note payable	(5,021,797)	(3,177,000)
Payments on capital lease	<u>(20,277)</u>	<u>(20,217)</u>
Net cash provided by financing activities	<u>2,924,723</u>	<u>1,034,783</u>
Net increase (decrease) in cash and cash equivalents	2,007,812	(1,345,045)
Cash and cash equivalents at beginning of year	<u>2,152,205</u>	<u>3,497,250</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 4,160,017</u></b>	<b><u>\$ 2,152,205</u></b>
<b>SUPPLEMENTAL INFORMATION</b>		
Interest Paid	<b><u>\$ 77,293</u></b>	<b><u>\$ 27,651</u></b>

**SEARCH FOR COMMON GROUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with SFCG's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

The accompanying financial statements represent the activity of SFCG only. For the year ended December 31, 2014, the financial statements of Search for Common Ground Belgium have been combined with SFCG in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. The consolidated financial statements are available at the SFCG's headquarters.

Cash and cash equivalents -

SFCG 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. At times during the year, SFCG maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

SFCG had \$3,267,034 of cash and cash equivalents held at financial institutions in foreign countries at December 31, 2014. The majority of funds invested in foreign countries are uninsured.

Foreign currency translation -

The United States dollar ("Dollars") is the functional currency for SFCG's operations. Transactions in currencies other than U.S. Dollars are translated into Dollars at the historical rate of exchange during the month of the transaction. All assets and liabilities denominated in non-U.S. currency are translated into Dollars based on the historical rate of exchange.

Receivables -

Receivables approximate fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

Fixed assets -

Fixed assets purchased with a cost of \$5,000 or more are capitalized and shown in the 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. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2014 totaled \$27,607.

## SEARCH FOR COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Fixed assets (continued) -

Search for Common Ground 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 Search for Common Ground, but the donor generally retains control of the equipment until disposition at the end of the award period. Therefore, equipment purchased under these programs are expensed when incurred and such assets are not reflected as capital assets in the accompanying Statement of Financial Position.

##### Income taxes -

SFCG is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. SFCG is not a private foundation.

##### Uncertain tax positions -

For the year ended December 31, 2014, SFCG has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

##### Net asset classification -

The net assets of SFCG are reported in three self-balancing groups as follows:

- **Unrestricted net assets** represent the portion of expendable funds that are available for the general support of SFCG's operations.
- **Temporarily restricted net assets** represent amounts that are specifically restricted by donors or grantors for various programs or for future periods.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by SFCG. There were no permanently restricted net assets at December 31, 2014.

##### Grants, contracts and contributions -

SFCG reports gifts of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. When a stipulated restriction ends or is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets released from restrictions. If the stipulation is met in the same reporting period in which the contribution is recorded, SFCG reports the contribution as unrestricted.

SFCG receives funding under grants and contracts from the 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 incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

SEARCH FOR COMMON GROUND

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
(Continued)

In-kind contributions -

In-kind contributions are recognized as support and expense in the Statement of Activities and Change in Net Assets in accordance with FASB ASC 958-605-15-2, *Revenue Recognition-Contributions Received*, if the contributions (a) create or enhance non-financial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by SFCG.

During the year ended December 31, 2014, SFCG received contributions of professional legal services with a fair value aggregating \$23,978.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 Statement of Activities and Change in Net Assets.

2. **CAPITAL LEASE OBLIGATION**

In 2012, SFCG entered into a capital lease obligation for a copier, which expires in January 2015. The cost of the leased asset was \$60,000, which is included in software and computer equipment on the Statement of Financial Position.

As of December 31, 2014, the copier was fully depreciated.

Future minimum lease payments at December 31, 2014 are as follows:

Year Ending December 31, 2015	\$	1,791
Less: Interest		<u>(78)</u>
		1,713
Less: Current portion		<u>(1,713)</u>
<b>LONG-TERM PORTION</b>	<b>\$</b>	<b><u>-</u></b>

Total interest expense for the year ended December 31, 2014 was \$1,180.

## SEARCH FOR COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

#### 3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2014:

Africa Programs	\$ 18,661,672
Asia Programs	4,632,713
MENA Programs	6,697,571
Global Programs	<u>2,081,498</u>
	<b><u>\$ 32,073,454</u></b>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Africa Programs	\$ 13,327,106
Asia Programs	2,666,260
MENA Programs	4,144,888
Global Programs	2,263,275
Passage of Time	<u>3,000</u>
	<b><u>\$ 22,404,529</u></b>

#### 4. LINE OF CREDIT / LOAN

The original terms of the \$2,000,000 loan stated that SFCG could borrow, repay, and re-borrow until July 31, 2009, and that the note could be renewed annually. On February 11, 2014, SFCG amended the note, which extends the borrowing period through January 31, 2015 and increased the loan amount to \$4,000,000. The rate of interest is equal to the LIBOR index plus 2.00% per annum. As of December 31, 2014, outstanding borrowings aggregated \$4,000,000. During the year ended December 31, 2014, SFCG incurred interest expense totaling \$76,113. The note payable is collateralized by grants and contracts receivable. The loan agreement requires compliance with certain financial loan covenants, which have not been met.

In February 2015, the line of credit, with an outstanding balance of \$4,000,000, was converted to a loan. The loan has a current maturity date of July 31, 2015 and incurs interest equal to the Index plus 3.00% per annum. This note represents a renewal and/or amendment to the original line of credit.

#### 5. LEASE COMMITMENTS

On November 13, 2002, SFCG entered into a five-year, non-cancelable operating lease for general office space. The lease agreement commenced on April 1, 2003 and was renewed on March 31, 2009 for seven more years. Rent payments are subject to a yearly increase based on the Consumer Price Index or 5%, whichever is greater, and all other lease terms and conditions remain the same.

SFCG entered into an agreement to sublease a portion of its office space, with terms commencing on May 15, 2010 and continuing through May 30, 2013. On May 16, 2013, the office lease was renegotiated to eliminate the space leased to subtenants (reverting back that portion of space to the landlord) and extending the terms for an additional two years, ending May 31, 2018.

SFCG leases offices and guest houses in several foreign countries under short-term lease agreements.

**SEARCH FOR COMMON GROUND**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**5. LEASE COMMITMENTS (Continued)**

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

<u>Year Ending December 31,</u>	
2015	\$ 478,324
2016	502,240
2017	527,352
2018	<u>224,178</u>
	<b><u>\$ 1,732,094</u></b>

Rental expense, including short-term lease agreements for overseas offices and housing, amounted to \$1,184,698 for the year ended December 31, 2014.

**6. RETIREMENT PLAN**

Effective January 1, 1998, SFCG adopted a 403(b) elective deferral contribution plan. The 403(b) 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 year ended December 31, 2014 totaled \$83,559.

**7. CONCENTRATION OF RECEIVABLES**

A substantial portion of SFCG's grant receivable is due from various governments. These governments reserve the right to terminate or suspend their grants should they determine that such assistance is not in their best interest.

**8. CONTINGENCY**

The grants SFCG receives from the United States Government are subject to audit under the provisions of OMB Circular A-133. The ultimate determination of amounts received under the Federal grants is based upon the allowance of costs reported to and accepted by the U.S. Government as a result of the audits. Audits in accordance with the provisions of OMB Circular A-133 have been completed for all required fiscal years through 2014. Until such audits have been accepted by the U.S. Government, there exists a contingency to refund an amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

In addition, the United States Agency for International Development (USAID) approves indirect cost rates annually. The rates have been finalized for the year ended December 31, 2012. Based on calculations for the year ended 2014, those rates may be much lower than the approved provisional rates used in previous years. Accordingly, SFCG has a refundable advance totaling \$759,455 for the year ended December 31, 2014, for programs that have ended where the indirect rate charged to Federal donors were overbilled based on using a higher rate. That amount is shown as a non-operating reduction in temporarily restricted net assets on the Statement of Activities and Change in Net Assets.

## SEARCH FOR COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

#### 9. RELATED PARTY

Search for Common Ground Belgium has overlapping Board of Directors and common management. Additionally, SFCG provides various administrative services to Search for Common Ground Belgium. During 2014, SFCG contributed \$1,275,000 to the Belgium affiliate to cover losses that have not been paid by SFCG as of year end. As of December 31, 2014, the amount due to Search for Common Ground Belgium totaled \$1,267,336.

#### 10. SUBSEQUENT EVENTS

In preparing these financial statements, SFCG has evaluated events and transactions for potential recognition or disclosure through July 24, 2015, the date the financial statements were issued.

In 2014, non-profit organizations Search for Common Ground and Soliya have agreed in principle to combine all operations and programs under Search for Common Ground. Following initiation of a mutual due diligence process, in December 2013, the Soliya Board and the Executive Committee of the Search for Common Ground Board each approved a Term Sheet outlining their intention to combine the two organizations and the main elements of their planned integration. This intention was subsequently publicly announced via press release on February 5, 2014. Over the past year, leadership from both Boards and staff executive teams engaged in negotiations on the legal method of combining the two and on planning for the integration at Board, management, financial, administrative, and programmatic levels. As of the June 30, 2015, the asset transfer has been approved by both boards and the mandatory filing is to be made with the New York attorney general in the next several months.

## **SUPPLEMENTAL INFORMATION**



## SEARCH FOR COMMON GROUND

SCHEDULE OF EXPENDITURES OF NON-U.S. GOVERNMENTAL GRANTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Granting Agency	Award or Contract Number	Program Title	Total Expenditures 2014
Andry Lalana Tohana	N/A	Promotion de la Cohesion a Travers les Media a Madagascar	\$ 581
AngloGold Ashanti	N/A	Search for Common Ground	7,716
Arcus Foundation	1304-35	Nexus, Search for Common Ground	12,500
ATOS	N/A	DRC Evidence, Analysis and Coordination Programme (EACP)	86,772
Australian Government	59873	The Team: TV Series and Outreach	396
Bahrain Foundation for Reconciliation and Civil Discourse	N/A	Common Ground Youth Leadership and Conflict Sensitive Media Training in Bahrain	1,989
Bahrain Foundation for Reconciliation and Civil Discourse	N/A	Youth Leadership Development and Training of Trainers for Youth Initiative Workshops in Bahrain	7,449
Barrick Gold	ABG/2010/066	Sustainable Business Practice	1,010
Barrick Gold	ABG/2010/066	Advancing Sustainable Peace and Security in Tanzania	583,870
British Foreign Commonwealth Office, British Government	N/A	Seja Homem - An Initiative to Promote Positive Male Role Models in the Prevention of Sexual Violence	9,213
British Foreign Commonwealth Office, British Government	N/A	Young Men and Women as Pillars of Democracy	28,230
British Foreign Commonwealth Office, British Government	N/A	Promoting Solution Oriented Dialogue for Conflict Resolution	50,548
British Foreign Commonwealth Office, British Government	N/A	Introducing the Voluntary Principles in Angola	131,622
British Foreign Commonwealth Office, British Government	N/A	Mock Tunisian Local and National Government Program	159,171
British Foreign Commonwealth Office, British Government	N/A	Strengthening Capacity to Prevent Violent Religious Extremism	516,970
British Foreign Commonwealth Office, British Government	120230858	Bilateral Programme Budget: Human Rights Treatment of Migrant Labour: 2014	8,981
British Foreign Commonwealth Office, British Government	N/A	Democracy at the Local Level in Morocco	2,004
British Foreign Commonwealth Office, British Government	N/A	Common Ground Dialogue	155,925
Cooperative for Assistance and Relief Everywhere, Inc.	40051652	Subcontract Arrangement with Search for Common Ground (SFCG) Measuring for Impact in Conflict, Crime	80,212
Carnegie Corporation of New York	bd 12016.R01	Peacebuilding Evaluation Consortium	51,105
Christian Aid	WS423	Popular Education on Land Rights with Specific Reference to Land Grabbing by Agribusiness	9,644
Cordaid	108719	Social Transform, With Youth as Partners for Positive Change	11,169
Denmark Government	15220	Peacebuilding Initiative: Connecting Leaders to Support the Peace Process in Nepal	13,524
Denmark Government	104.Pak.16.4	Promotion of Dialogue for Peace-building through Media and Youth Mobilization in Pakistan	199,999
Denmark Government	46.H.1-6-0-4-28	Towards a Peaceful Political Settlement: Increasing Communication and Effectiveness Among Peacebuilders	158,023

**SEARCH FOR COMMON GROUND**

**SCHEDULE OF EXPENDITURES OF NON-U.S. GOVERNMENTAL GRANTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Granting Agency</b>	<b>Award or Contract Number</b>	<b>Program Title</b>	<b>Total Expenditures 2014</b>
Denmark Government	104.Pakistan.17-4-4	Pakistan Peace Initiative - Provincial Visions of Peace	\$ 85,682
Development Alternatives Inc	APR-2013-02	Access to Security and Justice Programme - CPESJ Survey	48
Department for International Development	N/A	The Team	1,917
Dutch Government	23989	Police that Protect	27
Dutch Government	24129	SFCG Syrian Inter Confessional Dialogue	5
Dutch Government	25033	Supporting Womens Participation and Effective Leadership in Democratic Institutions in a Pre Elections	147,968
Dutch Government	25045	Enabling Women Political Participation in the DRC	373
Dutch Government	25590/SAA0117586	The Team, Promoting Citizenship and Social Coherence and Gender Equality	461,363
Dutch Government	N/A	SFCG - Rise of the Phoenix - Video Game for Peace	34,707
Dutch Government	24348	Strengthening Citizen Participation on Critical Social Issues to Prevent Conflict: Palestinian Territories and the Great Lakes	773,202
EFA	14/EFA/13	Search for Common Ground	6,423
El-Hibri Foundation	N/A	Search for Common Ground	286
Finland Government	N/A	Radio for Peacebuilding	237
Henry Luce Foundation	N/A	Reframe the Public Conversation in the U.S. about Islam and Muslims	14,157
Hivos	HO CIM 1008733	The Cold Water Hotline: Promoting police accountability through Short Message Services (SMS) - Based	11,773
Howard Buffet Foundation	N/A	Promoting Peaceful Cross-Border Trade in the Democratic Republic of the Congo and Rwanda	168,829
Howard Buffet Foundation	N/A	Replacing Violence by Ideas: Engaging Key Stakeholders for Peaceful, Constructive Change	221,148
International Foundation for Electoral Systems	S-11-060	Democratic Republic of Congos (DRC) Voter Opinion and Involvement through Civic Education Program	237
International Rescue Committee	AG4765	Tuongane Community Driven Reconstruction Programme	17,443
Isabel Allende Foundation	N/A	Meenas Project	4,999
Kellogg	P3023397	Search for Common Ground	111,162
MacArthur Foundation	12-101373-000-INP	CGP General Support	21,579
National Democratic Institute for International Affairs	N/A	Search for Common Ground	12,000
New Zealand Embassy	N/A	Reducing Recidivism: A Process for Effective Disengagement of High-Risk Prisoners in Indonesia	82,291
Nike Foundation	2047	Search for Common Ground Rwanda	213,350
Norwegian Foreign Ministry	11/15648 and NAF-11/0003	Back Channel Process, Western Sahara	7,710
Norwegian Foreign Ministry	MAR-12/0002	Alternative Dispute Resolution and Mediation in Moroccc	15,048
Norwegian Foreign Ministry	MEU-09/014	Western Sahara	68

**SEARCH FOR COMMON GROUND**

**SCHEDULE OF EXPENDITURES OF NON-U.S. GOVERNMENTAL GRANTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Granting Agency</b>	<b>Award or Contract Number</b>	<b>Program Title</b>	<b>Total Expenditures 2014</b>
Norwegian Foreign Ministry	MEU-12/0037	Search for Common Ground	\$ 81,110
Norwegian Foreign Ministry	N/A	Empowering Women and Increasing Access to Justice in Timor Leste	17,226
Nuclear Threat Initiative	2112	MECIDS Secretariat Support	74,130
Nuclear Threat Initiative	2113	MECIDS Secretariat Support for Executive Board Meetings and Training Activities	40,207
Nuclear Threat Initiative	2115	Middle East Consortium on Infectious Disease Surveillance (MECIDS) Secretariat Support	31,319
Nuclear Threat Initiative	N/A	Workshops	22,401
One World Dialogue	N/A	A Universal Code on Holy Sites Phase III	95,630
Open Road Alliance	N/A	Open Road Alliance	55,930
Open Society Initiative	2522	Equitable Land Rights Promotion in Three Districts in Sierra Leone	48,671
Open Society Initiative	2666	Soutien a la Participation Active de la Societe Civile Ivoirienne dans la Gouvernance Locale et Les	78,539
Partnership for Change	N/A	Disruptive Innovations in Youth Violence Prevention Summit	58,817
QMM	3101378005	Search for Common Ground	9,315
Rational Games	N/A	Search for Common Ground On-Line Board Game in Lebanon - Pilot Program	709
Rockefeller Brothers Foundation	14-203	US-IRAN Program	41,334
Rockefeller Brothers Foundation	N/A	Iran Work	70,694
Swedish International Development Cooperation Agency	52090059	Strengthening the Capacity of CSO to Promote Sustainable Governance in Liberia 2012-2015	1,147,069
Swedish International Development Cooperation Agency	51030012	Strengthening Peace and Security in Conflict and Post-Conflict Countries in Africa: Regional Appra	1,685,370
Sierra Leone Ministry of Finance	NSA 036	Media and Public Financial Management Reform Processes	2,040
Silicon Valley Community Foundation	2014-133418	Open for Business : Bridge Proposal	3,395
Skoll Foundation	3220809	Search for Common Ground	9,733
Smithsonian Institution	13-PO-550-0000286775	National Youth Summit Freedom Summer	103
Stichting Vluchteling	DRC-12.2	Droit pour Tous	100
Swiss Department of Foreign Affairs	82001628	Track II Work with Iran	38,146
TENKE FUNGURUME MINING S.A.	34581400303-001	Building Trust and Enhancing Collaboration Amongst TFM Project Stakeholders	18,484
The Economist	N/A	IFC Gender Business Case in the Agriculture and Extractive Industries	20,292
Tides Foundation	N/A	SPACE Project	1,985
Trade Mark	N/A	Supporting Cross-Border Trade Between Burundi and its Neighbors	188,634
UNDEF	UDF-SUD-10-366	Supporting the Role of Women Leaders in Sudan and South Sudan in Post-separation Period	165,370

**SEARCH FOR COMMON GROUND**

**SCHEDULE OF EXPENDITURES OF NON-U.S. GOVERNMENTAL GRANTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Granting Agency</u>	<u>Award or Contract Number</u>	<u>Program Title</u>	<u>Total Expenditures 2014</u>
UNDEF	N/A	Nawe Arashoboye!: Supporting the Role of Women Leaders	\$ 237
UN Development Programme	5120-13	Search for Common Ground	223,690
UN Development Programme	APRC 07/2013	Marginalized Populations on the Post 2015 Development Agenda	129
UN Development Programme	DRC-12/NKV/PRO/2/SFCG/05	DR Congo Pooled Fund	16,493
UN Development Programme	DRC-13/SKV/PRO/2/SFCG/0677	Integration de la Composante Sensibleite aux Conflits et Transformation des Conflits	306,070
UN Development Programme	DRC-12/NKV/PRO/2/SFCG/0621	Integration de la Composante Sensibilite aux Conflits et Transformation des Conflits	1,166
UN Development Programme	N/A	Search for Common Ground	150,011
UNESCO	N/A	Conflict Sensitivity and Prevention Training	2,319
UN High Commission for Refugees	358	Repatriement des Congolais en Equateur	158
UN High Commission for Refugees	383	Retour en Paix, Cohabitation Pacifique	29
UN High Commission for Refugees	384	Coexistence Pacifique entre les Communauts/Zones de Retour and Sensibilisat.clause Cessation CIs RW	8,183
UN High Commission for Refugees	445	Search for Common Ground	339
United Nations International Children's Fund	100072052	Search for Common Ground (PBEA-UNICEF-ILT) Phase I	119,481
United Nations International Children's Fund	2013 PCA FC100072052	Search for Common Ground (PBEA-UNICEF-ILT) Phase II	36,887
United Nations International Children's Fund	N/A	Search for Common Ground	2,200
United Nations International Children's Fund	N/A	Search for Common Ground	5,667
United Nations International Children's Fund	N/A	Search for Common Ground	19,388
United Nations International Children's Fund	N/A	Dappui a la Responsabilite Sociale des Jeunes pour la Consolidation de al Paix en Republic de Guinee	385,712
United Nations International Children's Fund	N/A	Search for Common Ground	392
University of Manchester	N/A	Humanitarianism 2.0	31
Various donors	N/A	N/A	2,236,686
Women's Foundation of Colorado	N/A	Women in Leadership Program (Israel)	7,638
World Bank	7171974	Micro Level Conflict Analysis of Five states in north east Nigeria to Inform implemenation	80,459
World Bank	001/UGP-EDR/06/13	Mission Specialisee en Communication Audio-Visuelle du Projet Enfants Dits del la Rue	92,391
Other Department Expenses	N/A	N/A	1,761,291
<b>TOTAL</b>			<b>\$ 14,166,455</b>