

Search for Common Ground and Subsidiary

Consolidated Financial Statements
Years Ended December 31, 2025 and 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional service corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Search for Common Ground and Subsidiary

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Years Ended December 31, 2025 and 2024

Search for Common Ground and Subsidiary

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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 Search for Common Ground and Subsidiary (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, 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 Subsidiary as of December 31, 2025 and 2024, 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.

July 20, 2026

Consolidated Financial Statements

Search for Common Ground and Subsidiary

Consolidated Statements of Financial Position

<i>December 31,</i>	2025	2024
Assets		
Cash	\$ 4,440,522	\$ 5,895,696
Grants and contracts receivable	2,803,125	3,909,634
Contribution receivable	4,722,028	1,444,120
Inventory	47,202	91,198
Advances to others	683,010	922,856
Prepaid expenses and other current assets	534,582	672,143
Investments	5,371,589	5,149,886
Operating lease right-of-use assets	631,202	765,173
Deposits	91,333	108,992
Total assets	\$ 19,324,593	\$ 18,959,698
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 765,846	\$ 830,540
Other accrued expenses	1,735,735	1,554,773
Other liabilities	305,351	363,877
Refundable advances	1,742,877	4,552,605
Line of credit	100,000	400,000
Due to affiliate	4,034,474	1,523,423
Operating lease liability	658,704	748,051
Total liabilities	9,342,987	9,973,269
Commitments and contingencies		
Net (deficit) / assets		
Without donor restrictions	(3,641,534)	(57,291)
With donor restrictions	13,623,140	9,043,720
Total net assets	9,981,606	8,986,429
Total liabilities and net assets	\$ 19,324,593	\$ 18,959,698

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiary

Consolidated Statement of Activities and Change in Net Assets

<i>Year Ended December 31, 2025</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Grants and contracts revenue	\$ 17,985,609	\$ -	\$ 17,985,609
Contributions	4,966,342	9,569,523	14,535,865
Other revenue	126,361	-	126,361
Investment return, net	282,249	-	282,249
Net assets released from donor restrictions	4,840,103	(4,840,103)	-
Total revenue and support	28,200,664	4,729,420	32,930,084
Expenses			
Program services:			
Africa programs	10,275,277	-	10,275,277
Asia programs	2,287,138	-	2,287,138
MENA programs	771,996	-	771,996
Global programs	9,675,803	-	9,675,803
Central and South America programs	128,702	-	128,702
Total program services	23,138,916	-	23,138,916
Supporting services:			
Management and general	5,352,198	-	5,352,198
Fundraising	2,857,970	-	2,857,970
Total supporting services	8,210,168	-	8,210,168
Total expenses	31,349,084	-	31,349,084
Change in net assets before non-operating activities	(3,148,420)	4,729,420	1,581,000
Non-operating activities			
Loss on transfer of subsidiary - Soliya	(385,456)	(150,000)	(535,456)
Foreign exchange loss	(50,367)	-	(50,367)
Change in net (deficit) assets	(3,584,243)	4,579,420	995,177
Net (deficit) assets, beginning of the year	(57,291)	9,043,720	8,986,429
Net (deficit) assets, end of the year	\$ (3,641,534)	\$ 13,623,140	\$ 9,981,606

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiary

Consolidated Statement of Activities and Change in Net Assets

<i>Year Ended December 31, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Grants and contracts revenue	\$ 31,683,364	\$ -	\$ 31,683,364
Contributions	3,436,874	7,535,858	10,972,732
Other revenue	205,335	-	205,335
Investment return, net	273,345	-	273,345
Net assets released from donor restrictions	5,901,015	(5,901,015)	-
Total revenue and support	41,499,933	1,634,843	43,134,776
Expenses			
Program services:			
Africa programs	17,199,356	-	17,199,356
Asia programs	5,237,685	-	5,237,685
MENA programs	1,521,686	-	1,521,686
Global programs	11,343,552	-	11,343,552
North America programs	247,674	-	247,674
Central and South America programs	147,303	-	147,303
Total program services	35,697,256	-	35,697,256
Supporting services:			
Management and general	7,278,368	-	7,278,368
Fundraising	3,437,515	-	3,437,515
Total supporting services	10,715,883	-	10,715,883
Total expenses	46,413,139	-	46,413,139
Change in net assets before non-operating activity	(4,913,206)	1,634,843	(3,278,363)
Non-operating activity			
Foreign exchange loss	(277,814)	-	(277,814)
Change in net (deficit) assets	(5,191,020)	1,634,843	(3,556,177)
Net assets, beginning of the year	5,133,729	7,408,877	12,542,606
Net (deficit) / net assets, end of the year	\$ (57,291)	\$ 9,043,720	\$ 8,986,429

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended December 31, 2025	Program Services					Supporting Services			
	Africa Programs	Asia Programs	MENA Programs	Global Programs	Central and South America Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services
Salaries and benefits	\$ 4,168,133	\$ 1,199,759	\$ 258,665	\$ 3,687,283	\$ 57,648	\$ 9,371,488	\$ 3,351,701	\$ 2,000,249	\$ 5,351,950
Subgrants	2,236,128	243,670	363,778	4,063,470	-	6,907,046	2,800	-	2,800
Travel	471,557	86,332	6,485	254,627	1,152	820,153	75,516	47,905	123,421
Consultants and professional services	617,002	144,370	107,622	998,675	65,429	1,933,098	1,260,880	537,744	1,798,624
Program activities	955,184	446,423	3,591	397,835	-	1,803,033	35,905	256	36,161
Education and seminars	501,224	13,924	-	58,386	-	573,534	7,148	179,188	186,336
Conferences and meetings	119,746	27,490	-	69,632	-	216,868	4,121	142	4,263
Office expenses	340,769	45,410	3,127	17,866	52	407,224	252,475	20,332	272,807
Rent	239,362	45,493	7,364	24,954	-	317,173	179,873	3,791	183,664
TV, video and radio production	138,364	-	-	-	-	138,364	-	-	-
Research and development	243,057	15,221	17,028	13,889	-	289,195	1,882	7,683	9,565
Equipment	61,711	118	-	4,534	-	66,363	5,303	-	5,303
Bank charges and other fees	49,813	12,942	3,316	12,805	1,179	80,055	62,822	39,949	102,771
Interest	-	-	-	-	-	-	6,230	-	6,230
Other expenses	102,482	2,311	272	66,967	242	172,274	46,613	11,117	57,730
Professional legal services	30,745	3,675	748	4,880	3,000	43,048	58,929	9,614	68,543
Total	\$ 10,275,277	\$ 2,287,138	\$ 771,996	\$ 9,675,803	\$ 128,702	\$ 23,138,916	\$ 5,352,198	\$ 2,857,970	\$ 8,210,168
									\$ 31,349,084

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024	Program Services							Supporting Services							
	Africa		Asia		MENA	Global	North America	Central and South America		Total	Management and General		Fundraising	Supporting Services	Total
	Programs	Programs	Programs	Programs	Programs	Programs	Programs	Programs	Programs	Program Services	General	General			Expenses
Salaries and benefits	\$ 7,145,555	\$ 2,032,062	\$ 403,385	\$ 4,163,123	\$ 147,532	\$ 77,069	\$ 13,968,726	\$ 4,754,381	\$ 2,270,228	\$ 7,024,609	\$			\$ 20,993,335	
Subgrants	3,463,820	1,238,295	607,610	2,759,189	-	-	8,068,914	-	-	-	-			-	8,068,914
Travel	1,266,070	274,901	36,094	488,588	6,066	11,021	2,082,740	411,150	112,210	523,360				523,360	2,606,100
Consultants and professional services	644,711	366,168	218,975	1,719,502	12,741	48,436	3,010,533	1,178,700	765,457	1,944,157				1,944,157	4,954,690
Program activities	886,891	790,097	65,701	480,822	-	1,171	2,224,682	72,545	4,523	77,068				77,068	2,301,750
Education and seminars	1,188,556	117,986	123,285	845,577	13,822	-	2,289,226	7,872	107,203	115,075				115,075	2,404,301
Conferences and meetings	266,847	198,226	2,338	156,834	-	-	624,245	110,947	6,066	117,013				117,013	741,258
Office expenses	656,428	51,897	17,116	21,611	2,695	124	749,871	301,852	36,819	338,671				338,671	1,088,542
Rent	355,454	84,784	23,538	29,622	10,256	-	503,654	193,219	2,234	195,453				195,453	699,107
TV, video and radio production	646,380	220	-	-	-	-	646,600	-	84	84				84	646,684
Research and development	383,375	37,267	1,526	65,693	25,005	2,988	515,854	9,170	4,313	13,483				13,483	529,337
Equipment	66,042	5,253	3,235	3,525	-	1,598	79,653	2,807	2,509	5,316				5,316	84,969
Bank charges and other fees	74,055	27,636	10,079	16,982	301	75	129,128	82,811	35,783	118,594				118,594	247,722
Interest	-	-	-	-	-	-	-	-	-	-				4,200	4,200
Other expenses	99,660	8,879	7,237	579,562	17,663	551	713,552	92,591	59,185	151,776				151,776	865,328
Professional legal services	55,512	4,014	1,567	9,200	169	4,270	74,732	43,695	30,901	74,596				74,596	149,328
Depreciation and amortization	-	-	-	3,722	11,424	-	15,146	12,428	-	12,428				12,428	27,574
Total	\$ 17,199,356	\$ 5,237,685	\$ 1,521,686	\$ 11,343,552	\$ 247,674	\$ 147,303	\$ 35,697,256	\$ 7,278,368	\$ 3,437,515	\$ 10,715,883	\$			\$ 46,413,139	
See accompanying notes to the consolidated financial statements.															

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiary

Consolidated Statements of Cash Flows

<i>Years Ended December 31,</i>	2025	2024
Cash flows from operating activities:		
Change in net assets (deficit)	\$ 995,177	\$ (3,556,177)
Adjustments to reconcile change in net assets (deficit) to net cash		
used in operating activities:		
Amortization of operating lease right-of-use assets	339,381	686,615
Loss on transfer of subsidiary - Soliya	535,456	-
Depreciation and amortization	-	27,574
Gain on disposal of fixed assets	-	(177,974)
(Increase) decrease in assets		
Grants and contracts receivable	916,612	(815,110)
Contribution receivable	(3,277,908)	121,355
Inventory	43,996	216,502
Advances to others	239,846	(922,856)
Prepaid expenses and other current assets	75,568	(83,298)
Deposits	17,659	(12,411)
Increase (decrease) in liabilities		
Accounts payable	22,263	30,889
Other accrued expenses	180,962	(195,610)
Other liabilities	(58,526)	(212,670)
Refundable advances	(2,809,728)	(1,940,397)
Due to affiliate	2,511,051	288,058
Principal reduction in operating lease liabilities	(294,757)	(667,738)
Net cash used in operating activities	(562,948)	(7,213,248)
Cash flows from investing activities:		
Transfer of subsidiary, net of cash disposed	(370,523)	-
Proceeds from sale of investments	-	75,000
Purchase of investments	(221,703)	(331,492)
Proceeds from sale of fixed assets	-	707,500
Net cash (used in) provided by investing activities	(592,226)	451,008
Cash flows from financing activity:		
Proceeds from line of credit	100,000	255,000
Repayment of line of credit	(400,000)	-
Net cash (used in) provided by financing activities	(300,000)	255,000
Net decrease in cash and cash equivalents	(1,455,174)	(6,507,240)
Cash and cash equivalents at beginning of year	5,895,696	12,402,936
Cash and cash equivalents at end of year	\$ 4,440,522	\$ 5,895,696
Supplemental disclosure of cash flow information		
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	\$ 205,410	\$ 349,306
Interest paid	\$ 6,230	\$ 4,200

See accompanying notes to the consolidated financial statements.

Search for Common Ground and Subsidiary

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. SFCG served as Soliya's sole member through October 25, 2025, at which time it transferred its membership interest pursuant to an Assignment and Assumption Agreement to another non-profit organization.

Organization Operating Structure

SFCG and Soliya'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 Central 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 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.

Effective October 25, 2025, SFCG transferred its sole membership interest in Soliya pursuant to an Assignment and Assumption Agreement to another non-profit organization. SFCG received no consideration in connection with the transfer. Accordingly, the accompanying consolidated financial statements include Soliya's revenues, expenses, and changes in net assets only through October 25, 2025. As Soliya had no assets, liabilities, or net assets as of December 31, 2025, no amounts related to Soliya are included in the consolidated statement of financial position at that date. The resulting loss on transfer has been recognized in the accompanying consolidated statement of activities during the year ended December 31, 2025.

Search for Common Ground and Subsidiary

Notes to the Consolidated Financial Statements

These consolidated financial statements do not include Search for Common Ground Belgium (“SFCG-B” or “affiliate” based in Brussels, Belgium (see Note 10).

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 United States (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 \$2,221,034 and \$2,150,650 as of December 31, 2025 and 2024, 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.

Credit risk

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 \$1,446,132 and \$2,698,104 of cash and cash equivalents at financial institutions in foreign countries as of December 31, 2025 and 2024, 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.

Credit risk associated with grants and contract receivable and contribution receivable is considered to be limited due to high historical collection rates. The Organization maintains its investments with one brokerage firm. As of December 31, 2025, the investment portfolio consisted entirely of the Fidelity Investments Money Market Government Portfolio - Institutional Class (FRGXX), with a fair value of \$5,371,589. Accordingly, the Organization is subject to concentration of asset risk. Although the fair value of investments is subject to fluctuation from year to year, the fund invests primarily in high-quality U.S. Government securities and is designed to maintain a stable \$1.00 net asset value. Management and the Board of Directors monitor investment performance and believe the Organization’s investment policies and guidelines are prudent for the long-term welfare of the Organization and that the Organization is not exposed to significant credit risk.

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

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Notes to the Consolidated Financial Statements

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.

Contribution revenue

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increase those net asset classes. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions.

Contributions are recorded at fair value, which is net of estimated uncollectible amounts. The Organization uses the allowance method to determine uncollectible unconditional contribution receivable. The allowance is based on experience as well as management's analysis of specific contribution made, including such factors as prior collection history, type of contribution, and nature of fundraising activity. 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, 2025 and 2024 and are included in other revenue on the consolidated statements of activities and change in net assets.

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.

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, which is presented net of related investment fees in the accompanying consolidated statements of activities and change in net assets.

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Notes to the Consolidated Financial Statements

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.

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-cancellable, 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 lease expense amounting to \$233,298 and \$86,899 for the years ended December 31, 2025 and 2024, respectively.

Income taxes

SFCG and Soliya are 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 and Soliya are no longer subject to

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Notes to the Consolidated Financial Statements

income tax examinations by the U.S. federal, state or local tax authorities for years before 2022. There were no material interest or penalties recorded for the years ended December 31, 2025 and 2024.

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 Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. 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 of 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 has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are

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Notes to the Consolidated Financial Statements

reported as refundable advances in the consolidated statements of financial position. The Organization has \$16,202,838 and \$36,590,205 in conditional grants and awards outstanding on December 31, 2025 and 2024, respectively.

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 not yet adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures*. The ASU requires organizations to provide additional, disaggregated disclosures for income taxes paid, along with information about income from continuing operations before income tax expense on a disaggregated basis. Certain other disclosure requirements were eliminated. This update is effective for annual periods beginning after December 15, 2025. The Organization is currently evaluating the impact of this ASU on its consolidated financial statements.

The Organization has assessed all other accounting pronouncements issued or effective during the year ended December 31, 2025, and deemed they were not applicable to the Organization and are not anticipated to have a material effect on the consolidated financial statements.

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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:

<i>December 31,</i>	2025	2024
Cash and cash equivalents	\$ 4,440,522	\$ 5,895,696
Grants and contracts receivable	2,803,125	3,909,634
Contribution receivable due within one year	1,897,028	1,092,688
Investments	5,371,589	5,149,886
Total financial assets available within one year	14,512,264	16,047,904
Less: amounts not available to be used for general expenditures within one year:		
Net assets with donor restrictions	(13,623,140)	(9,043,720)
Refundable advances	(1,742,877)	(4,552,605)
Financial (deficit) assets available to meet cash needs for general expenditures within one year	\$ (853,753)	\$ 2,451,579

The Organization is substantially supported by grants, contracts and contributions. Grants and contracts funds cannot be accessed until the expenditure is 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. *See Note 3 for more additional information.*

3. Going Concern

The accompanying consolidated financial statements have been prepared assuming the Organization will continue as a going concern. For the year ended December 31, 2025, the Organization incurred a decrease in net assets without donor restrictions of approximately \$3.5 million and, as of December 31, 2025, had a deficit in net assets without donor restrictions of approximately \$3.6 million. In addition, as of December 31, 2025, the Organization had a deficit of approximately \$0.8 million in financial assets available to meet cash needs for general expenditures within one year.

These conditions raised substantial doubt about the Organization's ability to continue as a going concern within one year after the date the financial statements are issued. Management has implemented plans intended to mitigate these conditions, including significant reductions in overhead costs through workforce reductions, elimination of consultant engagements, reduced travel and discretionary spending, occupancy savings, and lower professional and operating costs, together with continued fundraising and overhead recovery efforts.

Based on management's forecast and the cost reduction actions already implemented through the date of consolidated financial statements or substantially committed, management believes it will have sufficient resources to meet its obligations as they become due for at least one year from the date the financial statements are issued and has concluded that its plans alleviate the substantial doubt.

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4. Contributions Receivable

Contributions receivable consist of the following at:

<i>December 31,</i>	2025	2024
Amounts due in:		
Within one year	\$ 1,897,028	\$ 1,092,688
One to five years	2,825,000	351,432
	\$ 4,722,028	\$ 1,444,120

The Organization determined that no allowance for uncollectible promises to give was required at December 31, 2025 and 2024. Based on expected collection dates, no present value discount was recorded at December 31, 2025 and 2024 as it was deemed immaterial to the consolidated financial statements.

5. 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.

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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, 2025 and 2024, respectively.

	Investment Assets at Fair Value as of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 5,371,589	\$ -	\$ -	\$ 5,371,589
Total investments	\$ 5,371,589	\$ -	\$ -	\$ 5,371,589

	Investment Assets at Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 5,149,886	\$ -	\$ -	\$ 5,149,886
Total investments	\$ 5,149,886	\$ -	\$ -	\$ 5,149,886

6. Leases

Operating Leases

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 842, *Leases*.

The Organization has lease agreement for office space in Washington, DC which terminates in January 2028. The Organization leases office space and guest houses in several foreign countries under non-cancelable lease arrangements, including new leases entered into during 2025, which expire at various dates through 2027.

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.

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The maturity of the lease liability under the Organization's operating leases as of December 31, 2025 is as follows:

Years Ending December 31,

2026	\$	428,693
2027		219,680
2028		18,558
Total lease payments		666,931
Less: imputed interest		(8,227)
Present value of lease liabilities	\$	658,704

Within the consolidated statements of functional expenses, operating lease expense is included in "Rent expense."

These amounts for the years ended December 31 were as follows:

	2025	2024
Operating lease costs (costs resulting from lease payments)	\$ 804,375	\$ 610,843
Variable lease costs (excluded from lease payments)	-	66,629
Total lease costs	\$ 804,375	\$ 677,472

Supplemental quantitative information related to operating leases for the years ended December 31:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities	\$ 707,041	\$ 665,121
Weighted-average remaining lease terms	1.57 years	2.68 years
Weighted-average discount rate	2.2%	1.66%

7. Line of Credit

SFCG maintains a line of credit agreement with a financial institution that provides borrowings of up to \$2.0 million. In November 2024, the agreement was renewed, and the maturity date was extended through May 2026. At the date the financial statements were issued, the line of credit was in the process of being renewed. Borrowings under the agreement bear interest at the daily Bloomberg Short-Term Bank Yield Index rate plus 6.23%. Outstanding borrowings under the line of credit were \$100,000 and \$400,000 at December 31, 2025 and 2024, respectively.

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8. Net Assets with Donor Restrictions

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

<i>December 31,</i>	2025	2024
Subject to the passage of time	\$ 450,000	\$ 450,000
Subject to expenditures for a specific purpose	13,173,140	8,593,720
	\$ 13,623,140	\$ 9,043,720

For the years ended December 31, 2025 and 2024, 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:

<i>Years Ended December 31,</i>	2025	2024
Satisfaction of time restrictions	\$ 715,000	\$ 700,000
Satisfaction of purpose restrictions	4,125,103	5,201,015
	\$ 4,840,103	\$ 5,901,015

9. 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.

10. Related Party Transactions

Related Party Administrative Function

SFCG's Chief Executive Officer serves on the Board of Directors of SFCG-B. However, SFCG does not have a controlling financial interest in, nor does it exercise control over, the management or activities of SFCG-B. Transactions with SFCG-B include administrative services provided by SFCG to SFCG-B, payments made by either entity on behalf of the other, overhead cost allocations, and grant funding provided by SFCG to SFCG-B. As a result of these transactions, amounts due to SFCG-B were \$4,034,474 and \$1,523,423 at December 31, 2025 and 2024, respectively.

11. 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.

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Contributions to the Plan during the years ended December 31, 2025 and 2024 totaled \$202,243 and \$202,910, respectively.

12. Subsequent Events

The Organization has performed an evaluation of subsequent events through July 20, 2026, which is the date the consolidated financial statements were available to be issued. The Organization is not aware of any subsequent events that would require adjustment to or disclosure in the consolidated financial statements.