

Solidaire Network, Inc.

Financial Statements
and Independent Auditors' Report

June 30, 2021

Solidaire Network, Inc.

Financial Statements
June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Solidaire Network, Inc.

We have audited the accompanying financial statements of Solidaire Network, Inc. (“the Network”), which comprise the statement of financial position as of June 30, 2021; the related statements of activities, 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

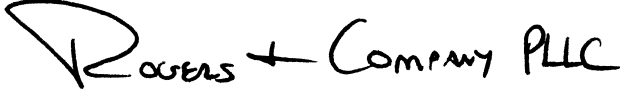
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the Network as of June 30, 2021, and the changes 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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia
August 17, 2021

Solidaire Network, Inc.

Statement of Financial Position
June 30, 2021

Assets

Cash and cash equivalents	\$ 12,101,188
Accounts receivable	38,347
Grants and contributions receivable	10,121,400
Prepaid expenses	<u>5,600</u>

Total assets \$ 22,266,535

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 41,809
Grants payable	<u>12,155,000</u>

Total liabilities 12,196,809

Net Assets

Without donor restrictions	(2,729,118)
With donor restrictions	<u>12,798,844</u>

Total net assets 10,069,726

Total liabilities and net assets \$ 22,266,535

Solidaire Network, Inc.

Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Grants and contributions	\$ 13,507,459	\$ 21,965,595	\$ 35,473,054
In-kind contributions	13,333	-	13,333
Conference and events	5,000	-	5,000
Interest income	2,288	-	2,288
Other income	341	-	341
Net assets released from restrictions	9,389,703	(9,389,703)	-
Total revenue and support	22,918,124	12,575,892	35,494,016
Expenses			
Program services:			
Donor organizing and political education	919,763	-	919,763
Movement partnership and grantmaking	23,773,945	-	23,773,945
Total program services	24,693,708	-	24,693,708
Supporting services:			
Management and general	796,765	-	796,765
Fundraising	223,018	-	223,018
Total supporting services	1,019,783	-	1,019,783
Total expenses	25,713,491	-	25,713,491
Change in Net Assets from Operations	(2,795,367)	12,575,892	9,780,525
Non-Operating Activity			
Realized gains	16,249	-	16,249
Change in Net Assets	(2,779,118)	12,575,892	9,796,774
Net Assets, beginning of year	50,000	222,952	272,952
Net Assets, end of year	\$ (2,729,118)	\$ 12,798,844	\$ 10,069,726

See accompanying notes.

Solidaire Network, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services			Supporting Services			Total Expenses
	Donor Organizing and Political Education	Movement Partnership and Grantmaking	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grants	\$ -	\$ 22,947,075	\$ 22,947,075	\$ -	\$ -	\$ -	\$ 22,947,075
Salaries	446,857	408,585	855,442	266,755	103,154	369,909	1,225,351
Employee benefits	114,686	89,176	203,862	210,394	26,049	236,443	440,305
Payroll taxes	39,354	36,624	75,978	23,001	9,087	32,088	108,066
Consultants and contractors	258,052	171,215	429,267	176,598	84,728	261,326	690,593
Professional fees	18,500	101,000	119,500	19,162	-	19,162	138,662
Communications and outreach	1,000	-	1,000	-	-	-	1,000
Bank and merchant fees	-	-	-	8,249	-	8,249	8,249
Conferences and meetings	-	-	-	501	-	501	501
Dues and subscriptions	35,844	1,750	37,594	24,778	-	24,778	62,372
Information technology	150	8,888	9,038	23,626	-	23,626	32,664
Office expenses	5,320	8,516	13,836	42,610	-	42,610	56,446
Postage, shipping, and handling	-	1,116	1,116	91	-	91	1,207
Travel	-	-	-	1,000	-	1,000	1,000
Total Expenses	\$ 919,763	\$ 23,773,945	\$ 24,693,708	\$ 796,765	\$ 223,018	\$ 1,019,783	\$ 25,713,491

See accompanying notes.

Solidaire Network, Inc.

Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows from Operating Activities	
Change in net assets	\$ 9,796,774
Change in operating assets and liabilities:	
Increase in:	
Accounts receivable	(38,347)
Grants and contributions receivable	(10,121,400)
Prepaid expenses	(5,600)
Increase in:	
Accounts payable and accrued expenses	41,809
Grants payable	<u>12,155,000</u>
Net cash provided by operating activities	<u>11,828,236</u>
Net Increase in Cash and Cash Equivalents	11,828,236
Cash and Cash Equivalents, beginning of year	<u>272,952</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 12,101,188</u></u>

Solidaire Network, Inc.

Notes to Financial Statements

June 30, 2021

1. Nature of Operations

Solidaire Network, Inc. (“the Network”) is a community of donor organizers who mobilize quickly to get critical resources and unprecedented amounts of solidarity to the frontlines of social justice movements. The Network works to fundamentally change economic, political, and cultural power systems by growing and nurturing a network of donor organizers to accompany movements for social and racial justice. The Network is supported by grants and contributions from individuals, foundations, and businesses.

Prior to July 1, 2020, the Network was operating under a fiscal sponsorship of the Tides Network, where a nonprofit organization confers its 501(c)(3) tax-exempt status to groups that are engaged in activities that serve the host’s mission, typically for a fee, before spinning off as an independent charitable organization.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Network’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash Equivalents

For the purpose of the statement of cash flows, the Network considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

Solidaire Network, Inc.

Notes to Financial Statements

June 30, 2021

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

The Network's accounts receivable are all due in less than one year and are recorded at net realizable value. The Network writes off accounts receivable when they become uncollectible. When necessary, an allowance for uncollectible accounts receivable is determined based on management's best estimate of the outstanding uncollectible accounts. No allowance for doubtful accounts is recorded at June 30, 2021, as management believes that all amounts are fully collectible.

Grants and Contributions Receivable

Grants and contributions receivable consist primarily of amounts due from individuals, foundations, and businesses. All grants and contributions receivable are expected to be collected within one year and are recorded at net realizable value. The Network periodically reviews an aging of its receivables for collection purposes on a case-by-case basis and writes off uncollectible items. No allowance for doubtful accounts is recorded at June 30, 2021, as management believes that all amounts are fully collectible.

Property and Equipment

Property and equipment acquisitions with a cost in excess of \$5,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets. Repairs and maintenance costs are expensed as incurred. The Network did not hold any property and equipment at June 30, 2021.

Grants Payable and Grants Expenses

The Network moves money to movement organizations doing a wide range of work. Grant recommendations come from staff, movement leaders, members, and allies. Each fund has its own criteria and methods for moving money to movement groups. Each fund has a rolling grant cycle to identify critical work and movement partnerships. Longer term relationships with larger anchor organizations are also a way that each fund moves money to the frontlines for social change.

Solidaire Network, Inc.

Notes to Financial Statements

June 30, 2021

2. Summary of Significant Accounting Policies (continued)

Grants Payable and Grants Expenses (continued)

Grant expenses are nonreciprocal and are expensed as unconditional contributions when grants are approved by the Network. All grants payable are expected to be paid out within one year and are recorded at net realizable value.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Grants and contributions are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to satisfaction of grant conditions are reported as conditional grants in the statement of financial position. The Network reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of the Network's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Network satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Network expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Network combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statement of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Solidaire Network, Inc.

Notes to Financial Statements

June 30, 2021

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statement of activities as in-kind contributions. In-kind contributions consist of donated consulting services. In-kind contributions are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred. The Network did not have any advertising costs for the year ended June 30, 2021.

Measure of Operations

The Network considers investment gains and losses to be non-operating in nature and these activities are not included in the change in net assets from operations.

Use of Estimates

The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Solidaire Network, Inc.

Notes to Financial Statements

June 30, 2021

2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022. Management continues to evaluate the potential impact of this update on the Network's financial statements.

Subsequent Events

In preparing these financial statements, the Network has evaluated events and transactions for potential recognition or disclosure through August 17, 2021, the date the financial statements were available to be issued.

3. Liquidity and Availability

The Network strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management periodically reviews the Network's liquid asset needs and adjusts the cash and cash equivalent balances as necessary.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2021:

Cash and cash equivalents	\$ 12,101,188
Accounts receivable	38,347
Grants and contributions receivable	<u>10,121,400</u>
Total financial assets	22,260,935
Less: restricted by donors for purpose and time	<u>(12,798,844)</u>
Total available for general expenditures	<u><u>\$ 9,462,091</u></u>

Solidaire Network, Inc.

Notes to Financial Statements

June 30, 2021

4. Concentration of Risks

Credit Risk

Financial instruments that potentially subject the Network to significant concentrations of credit risk consist of cash and cash equivalents. The Network maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). The Network has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. At June 30, 2021, the Network maintained \$11,524,873 of total cash and cash equivalents in the Certificate of Deposit Account Registry Service (CDARS) Deposit Placement Program to ensure that all amounts are fully insured by FDIC. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

Substantial portions of the Network's revenues were generated from two donors, which totaled \$30,000,000 for the year ended June 30, 2021. These amounts approximate 84% of the Network's total revenue and support for the year ended June 30, 2021. These funds were provided by the donors to support the initial two years of operations of the Network. The Network has been developing a diverse donor base to support its future activities and to minimize reliance on a few significant donors.

Receivable Risk

The Network was owed \$10,000,000 from one donor, which accounted for 99% of grants and contributions receivable at June 30, 2021. The Network is expecting to receive these funds in September of 2021.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at June 30, 2021:

Purpose restricted:	
Black Liberation Pooled Fund	\$ 2,716,344
Illumination Fund	82,500
Time restricted:	
Black Liberation Pooled Fund	<u>10,000,000</u>
Total net assets with donor restrictions	<u><u>\$ 12,798,844</u></u>

Solidaire Network, Inc.

Notes to Financial Statements
June 30, 2021

6. Commitments and Contingencies

Co-Working Agreement

The Network maintained a co-working office space in Oakland, California that commenced on February 13, 2020 and was terminated subsequent to year end. The agreement called for a monthly payment of \$550. Rent expense for this agreement for the year ended June 30, 2021 totaled \$6,600. Upon termination of the co-working office space agreement, the Network switched to a virtual office environment in the fiscal year 2022.

Grant Agreements

Grants received by the Network are governed by various guidelines and contractual agreements, and are subject to reimbursements for expenditures that are not committed to the purposes of the grants. Therefore, a contingency to refund amounts received in excess of allowable costs exists. Management is of the opinion that no material liability exists.

Service Organization

The Network uses a third-party organization as their professional employer organization. As such, this third-party organization is the employer of record for tax, benefits, and insurance purposes for the Network's employees. This co-employment relationship allows the Network to maintain direct control of the day-to-day activities of employees, while the third-party organization assumes the administrative functions of human resources and absorbs many employer-related liabilities.

7. Related Party Transactions

On December 1, 2020, the Network entered into a cost-sharing agreement ("the Agreement") with Tides Advocacy, a 501(c)(4) social welfare organization that is an affiliate of Tides Network, to provide personnel, equipment, and facilities to Tides Advocacy. The Network and Tides Advocacy have agreed that it is in their mutual best interests to minimize duplicative expenses and to carry out their complimentary purposes in an economical and efficient manner, including the sharing of employees whose skills and knowledge will assist both organizations and the sharing of office space and equipment. The Agreement may be terminated at any time, upon provision of 30 days' notice in writing to the other party.

Solidaire Network, Inc.

Notes to Financial Statements

June 30, 2021

7. Related Party Transactions (continued)

Prior to July 1, 2020, the Network was operating under a fiscal sponsorship of the Tides Network, where a nonprofit organization confers its 501(c)(3) tax-exempt status to groups that are engaged in activities that serve the host's mission, typically for a fee, before spinning off as an independent charitable organization.

For the year ended June 30, 2021, Tides Advocacy reimbursed \$163,751 to the Network for these costs. The Network had a receivable in the amount of \$38,347 from Tides Advocacy at June 30, 2021.

8. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The majority of expenses are recorded directly to specific programs and functions, using the direct allocation method. Expenses that are allocated include salaries, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

9. Retirement Plan

In conjunction with the service organization relationship disclosed in Note 6, the Network sponsors a 401(k) plan ("the Plan") for all eligible employees. An employee becomes eligible to participate on the first day of employment. Employees may contribute to the plan, subject to Internal Revenue Service requirements. The Network matches employee contributions up to 4% of compensation for employees. Employer contributions totaled \$21,786 for the year ended June 30, 2021.

10. Income Taxes

The Network is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the year ended June 30, 2021, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to the Network are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated the Network's tax positions and concluded that the Network's financial statements do not include any uncertain tax positions.