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SOLIYA, INC.

Audited Financial Statements

June 30, 2020

Independent Auditor's Report

To the Board of Directors of
Soliya, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Soliya, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and 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.

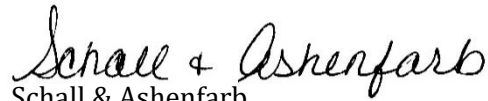
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Soliya, Inc. as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

June 3, 2021

SOLIYA, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2020
(With comparative totals at June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
Assets		
Cash and cash equivalents	\$20,410	\$0
Contributions receivable	0	25,000
Fee for service receivable	123,430	121,629
Government grants receivable	149,782	45,964
Prepaid expenses	2,746	3,942
Security deposit	9,600	9,600
Fixed assets, net (Note 3)	<u>183,437</u>	<u>206,946</u>
Total assets	<u><u>\$489,405</u></u>	<u><u>\$413,081</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$49,500	\$114,061
Overdraft	0	2,736
Deferred revenue	85,400	0
Line of credit (Note 4)	100,000	200,000
Loans payable (Note 5)	<u>250,000</u>	<u>250,000</u>
Total liabilities	<u>484,900</u>	<u>566,797</u>
Net assets:		
Without donor restrictions	<u>4,505</u>	<u>(153,716)</u>
Total net assets	<u>4,505</u>	<u>(153,716)</u>
Total liabilities and net assets	<u><u>\$489,405</u></u>	<u><u>\$413,081</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

SOLIYA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
Without donor restrictions:		
Public support and revenue:		
Government grants	\$550,958	\$395,764
Paycheck Protection Program loan (Note 7)	139,052	0
Foundation contributions	170,035	189,156
Corporate contributions	274,975	0
Individual contributions	105,617	61,025
Donated services	0	23,428
Fee for service income (Note 9)	962,832	845,928
Interest and other income	0	361
Loss on currency conversion	(20,083)	(30,817)
Total public support and revenue	<u>2,183,386</u>	<u>1,484,845</u>
Expenses:		
Program services:	1,566,739	1,427,529
Supporting services:		
Management and general	216,774	205,570
Fundraising	241,652	255,636
Total supporting services	<u>458,426</u>	<u>461,206</u>
Total expenses	<u>2,025,165</u>	<u>1,888,735</u>
Change in net assets	158,221	(403,890)
Net assets - beginning of year	<u>(153,716)</u>	<u>250,174</u>
Net assets - end of year	<u><u>\$4,505</u></u>	<u><u>(\$153,716)</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

SOLIYA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

		Supporting Services				
	Program	Management		Total	Total	Total
	Services	and	Fundraising	Supporting	6/30/20	6/30/19
		General		Services		
Salaries	\$507,745	\$53,924	\$135,219	\$189,143	\$696,888	\$619,654
Employee benefits	60,093	8,511	12,479	20,990	81,083	77,177
Payroll taxes	41,029	4,411	10,513	14,924	55,953	50,594
Total personnel expenses	608,867	66,846	158,211	225,057	833,924	747,425
Consultants	722,818	59,712	46,710	106,422	829,240	757,177
Media/technology development and hosting	108,259	1,248	1,089	2,337	110,596	73,600
Professional fees		23,526		23,526	23,526	46,849
Occupancy	36,327	5,452	12,500	17,952	54,279	59,883
Events				0	0	45,865
Depreciation	48,457	5,146	12,906	18,052	66,509	48,231
Accounting		31,431		31,431	31,431	26,709
Travel and entertainment	14,267	1,794	5,381	7,175	21,442	31,497
Advertising		986		986	986	2,000
Interest		10,741		10,741	10,741	10,524
Telephone and communications	2,788	445	220	665	3,453	2,524
Insurance	1,281	1,329	137	1,466	2,747	3,586
Payroll service	16,122	1,712	4,293	6,005	22,127	18,367
Other expenses	7,553	6,406	205	6,611	14,164	14,498
Total expenses	\$1,566,739	\$216,774	\$241,652	\$458,426	\$2,025,165	\$1,888,735

The attached notes and auditor's report are an integral part of these financial statements.

SOLIYA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
Cash flows from operating activities:		
Change in net assets	\$158,221	(\$403,890)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	66,509	48,231
Loss on currency conversion	(20,083)	(30,817)
Changes in assets and liabilities:		
Contributions receivable	25,000	122,644
Fee for service receivable	18,282	23,088
Government grants receivable	(103,818)	(45,964)
Prepaid expenses	1,196	6,859
Accounts payable and accrued expenses	(64,561)	61,517
Deferred Revenue	85,400	0
Total adjustments	<u>7,925</u>	<u>185,558</u>
Net cash provided by/(used for) operating activities	<u>166,146</u>	<u>(218,332)</u>
Cash flows from investing activities:		
Purchases of fixed assets	<u>(43,000)</u>	<u>(80,018)</u>
Net cash used for investing activities	<u>(43,000)</u>	<u>(80,018)</u>
Cash flows from financing activities:		
Proceeds from loans payable	0	200,000
Repayments of loans payable	0	(25,000)
Overdraft	(2,736)	2,736
Proceeds from line of credit	375,000	75,000
Repayments of line of credit	<u>(475,000)</u>	<u>(75,000)</u>
Net cash (used for)/provided by financing activities	<u>(102,736)</u>	<u>177,736</u>
Net increase/(decrease) in cash and cash equivalents	20,410	(120,614)
Cash and cash equivalents - beginning of year	<u>0</u>	<u>120,614</u>
Cash and cash equivalents - end of year	<u>\$20,410</u>	<u>\$0</u>
Supplemental information:		
Interest paid	<u>\$10,741</u>	<u>\$10,524</u>
Taxes paid	<u>\$0</u>	<u>\$0</u>

The attached notes and auditor's report are an integral part of these financial statements.

SOLIYA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 - Organization

Soliya, Inc., (the “Organization”) was incorporated as a New York not-for-profit corporation in July 2002. Search for Common Ground (“Search”), a District of Columbia not-for-profit corporation, has control of Soliya through the sole ability to appoint Soliya’s Board of Directors.

The Organization’s mission is global, but its current focus is on strengthening relationships and fostering cooperation between youth from Western and predominately Muslim societies. Rising cultural and religious tensions within and between these societies play a major role in preventing people worldwide from working collaboratively to find mutually beneficial solutions to global challenges. The Organization aims to bridge this divide by directly connecting young adults from diverse communities and empowering them to use the latest in new media and communication technologies to share their voices, build respectful relationships and inspire understanding.

Soliya runs the following programs:

Connect Program – the Organization’s flagship Virtual Exchange initiative – is an online cross-cultural education program that provides young adults with a unique opportunity to establish a deeper understanding for the perspectives of others around the world on important sociopolitical issues and develop 21st Century skills such as critical thinking, cross-cultural communication, and collaborative problem-solving. The Connect Program has three distinct iterations that cater to the needs and learning goals of the Organization’s diverse community of young adults and partner institutions: Connect Global, Connect Express, and Connect Collaborate.

Connect Global is an eight-week program in which participants explore key global issues with fellow group members through a series of guided discussions, readings, and an independent project. The program brings together participants from myriad disciplines, including but not limited to the humanities, sciences, engineering, and business. Within Connect Global, the Organization has a specialized track – Connect Global Foreign Affairs – that focuses on the nature of the relationship between Western and Predominantly Muslim societies within the context of the larger global setting.

Connect Express is a four-week program in which participants engage in an exploration of their identity, analyze how their identity impacts their engagement with others in their personal context and the context of the digital world, and build competencies to foster constructive communication. It is presented as an option for those participants or courses with greater time constraints.

Connect Collaborate is a five-week program in which participants have the opportunity to work with peers around the world on developing an awareness campaign on a critical social issue, and, through that process, build their communication and collaboration skills. Participants are guided through a series of group exercises to build their competencies around these skills, and develop an online awareness campaign, created to address a topic of current relevance and interest.

Facilitation Training Program – Through the Facilitation Training Program, Soliya teaches facilitation and conflict resolution skills that are applicable to a variety of conflict situations in addition to the unique experience that virtual exchange programs offer. Trainings consist of a mixture of live online sessions, readings, and multimedia resources. Online sessions include interactive discussions, simulated facilitation practices, personalized coaching, and feedback.

The Organization runs several modules of the Facilitation Training Program including a four-week paced asynchronous Interactive Open Online Course "Introduction to Dialogue Facilitation", a 20-hour Advanced Facilitation Training consisting of live online videoconferencing training sessions supported by weekly assignments as well as, an Arabic-language training, all of which run several times a year.

Engagement – The Organization's Engagement program, Public Squares, supports the Organization's most active facilitators and alumni to directly apply their skills to tackle issues in their local communities. Public Squares is facilitated online and in-person consisting of small-group dialogues in which participants across cultural, geographic, religious, and political divides explore diverse perspectives and discuss important and divisive issues. Public Squares is led by Soliya Conveners who work with local organizations to identify issues of popular concern and then gather research and media, with support from leading experts and community members, to inform public discussions about the issues. The results and recommendations generated from these dialogues are amplified out to broader communities and up to relevant leaders.

Capacity Building – Soliya partners with non-governmental organizations, businesses, and advanced academic programs to empower educators, emerging leaders, and qualified Connect Program alumni through Capacity Building. As part of a diverse group from around the world, trainees receive skill-development through tutorials and group discussions, as well as deep practice through role-playing of different dialogue models. Graduates of the training are then invited to hone their skills for the Connect Program and Community Mobilization and Amplification programs. Soliya also provides Capacity Building incentives to university personnel.

The Organization has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

Effective July 1, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective July 1, 2019, the Organization adopted ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the Organization evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the Organization applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way the Organization recognizes revenue.

b. Basis of Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – relates to activity based on specific donor restrictions that are expected to be satisfied by the passage of time or performance of activities, as well as those that must remain intact in perpetuity. All net assets with donor restrictions were satisfied during the fiscal year ended June 30, 2019 and there were no net assets with donor restrictions during the year ended June 30, 2020.

c. Revenue Recognition

The Organization has adopted Topic 606 using the modified retrospective method applied to all contracts after July 1, 2019 and continues to use legacy GAAP for all contracts before July 1, 2019.

The Organization has fee for service income that falls under Topic 606. Each different source of revenue is analyzed to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete. Payments received in advance of the completion of the earning process are reported as deferred revenue. Revenue earned that has not been collected is reflected as a fee for service receivable.

Individual and foundation contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a 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.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

The Organization's government grants are primarily conditional, non-exchange transactions and fall under Topic 605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Contributions and grants that are due within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. At year end, all receivables are due within one year.

Based on management's assessment of the creditworthiness of its donors and grantees, the aged basis of its receivables, as well as current economic conditions and historical information, it has determined that no allowance for uncollectible accounts is necessary for the years ended June 30, 2020 and 2019. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollected.

d. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes.

e. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash which is placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federal limits. As of June 30, 2020, there were no uninsured balances.

f. Fixed Assets

Software, equipment, and furniture that exceed pre-determined amounts and that have a useful life of greater than one year are recorded at cost or at fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets as follows:

Furniture and fixtures – 7 years

Website & software – 5 years

g. In-Kind and Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. During the years ended June 30, 2020 and 2019, the Organization received in-kind legal services that were valued at \$0 and \$23,428, respectively. The expenses have been presented as management and general supporting services on the statement of functional expenses.

Many volunteers, including board members, provide services in support of the Organization's mission. Those services have not been recognized on the financial statements because they do not meet the criteria outlined above.

h. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

i. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following costs are allocated by time and effort:

- Salaries
- Employee benefits
- Payroll taxes
- Depreciation
- Advertising
- Other expenses

All other expenses have been charged directly to the applicable program or supporting services.

j. Prior Year Comparative Information

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

k. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2017 and later are subject to examination by applicable taxing authorities.

l. New Accounting Pronouncements

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

The Organization is in the process of evaluating the impact these standards will have on future statements.

Note 3 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/20</u>	<u>6/30/19</u>
Software	\$338,191	\$295,191
Furniture and fixtures	<u>8,863</u>	<u>8,863</u>
	347,054	304,054
Less: accumulated depreciation	<u>(163,617)</u>	<u>(97,108)</u>
Net book value	<u>\$183,437</u>	<u>\$206,946</u>

Note 4 - Line of Credit

The Organization has available, an unsecured line of credit in the amount of \$200,000 with interest payable at 2.75% plus the prime rate which at June 30, 2020, was 7.50%. The outstanding balance on the line of credit was \$100,000 and \$200,000 at June 30, 2020 and 2019, respectively.

Note 5 - Loans Payable

The Organization received an interest free loan from an independent not-for-profit organization of which \$50,000 remains outstanding at June 30, 2020. In addition, during the year ended June 30, 2019, the Organization received a \$200,000 interest free loan from a related party, Search from Common Ground, with yearly payments due November 30th of each year until November 30, 2025.

Minimum scheduled principal payments are as follows:

Year ending:	June 30, 2021	\$70,000
	June 30, 2022	25,000
	June 30, 2023	30,000
	June 30, 2024	40,000
	June 30, 2025	40,000
	Thereafter	<u>45,000</u>
Total		<u>\$250,000</u>

Note 6 - Net Assets With Donor Restrictions

As described in Note 2b, all net assets with donor restrictions were satisfied during the fiscal year ended June 30, 2019 and there were no net assets with donor restrictions during the year ended June 30, 2020. A summary of the nature of those net assets that were released from restrictions is as follows:

	<u>6/30/19</u>
Programs:	
Peace & Stabilization Operations Program	\$291,948
Time restriction	<u>56,600</u>
Total	<u>\$348,548</u>

Note 7 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the Organization obtained a loan from the Small Business Association ("SBA") in the amount of \$139,052 through the Paycheck Protection Program ("PPP"). Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period, with a ten-month deferral of payments and interest will accrue at 1%.

The Organization has accounted for the PPP loan in accordance with Topic 605 and has recognized it as revenue as of June 30, 2020 as all the conditions had been met as of year-end. On March 11, 2021 the Organization applied for forgiveness.

Note 8 - Commitments and Contingencies

The Organization occupies office space in New York on a month-to-month-lease.

Note 9 - Related Party Transaction

As discussed in Note 1, Search controls the Organization. During the years ended June 30, 2020 and 2019, the Organization billed Search \$946,830 and \$833,067, respectively for services performed, which has been included in fee for service income on the statement of activities. As of June 30, 2020, \$120,716 remains outstanding.

In addition, during the year ended June 30, 2019, the Organization received a \$200,000 interest free loan from Search. See Note 5 for further details.

Note 10 - Availability and Liquidity

As of June 30, 2020, the Organization's financial assets available to meet cash needs for general expenditures within one year totaled \$293,622, which consist of cash and cash equivalents and receivables. There are no external or internal limits imposed on these balances. As part of its liquidity management, the Organization relies on grants, contributions, and fee for service income to fund its operations.

Note 11 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.

Note 12 - Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through June 3, 2021, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.