

Moore Impact, Inc.

Audited Financial Statements

December 31, 2023

Moore Impact, Inc.

Audited Financial Statements

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Independent Auditor's Report

To the Board of Directors of
Moore Impact, Inc.

Opinion

We have audited the accompanying financial statements of Moore Impact, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit 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 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 audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 judgement made by a reasonable user based on the 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 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 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 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.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements for the year ended December 31, 2022, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sax CPAs LLP

New York, NY
October 28, 2024

Moore Impact, Inc.

Statement of Financial Position

At December 31, 2023
(With comparative totals at December 31, 2022)

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 8,432,420	\$ 8,611,685
Contributions receivable, net	997,761	2,344,158
TOTAL ASSETS	<u>\$ 9,430,181</u>	<u>\$ 10,955,843</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 42,848	\$ 96,055
Grants Payable	205,000	685,000
Deferred revenue	-	-
Total liabilities	<u>247,848</u>	<u>781,055</u>
NET ASSETS		
Without donor restrictions	2,588,451	2,997,115
With donor restrictions	6,593,882	7,177,673
Total net assets	<u>9,182,333</u>	<u>10,174,788</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,430,181</u>	<u>\$ 10,955,843</u>

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

Moore Impact, Inc.

Statement of Activities

For the Year Ended December 31, 2023
(With comparative totals for the year ended December 31, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 12/31/23</u>	<u>Total 12/31/22</u>
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 110,720	\$ 11,364,128	\$ 11,474,848	\$ 19,022,689
Fee for service	101,236	-	101,236	118,460
Interest income	9,764	-	9,764	1,224
Net assets released from restrictions	<u>11,947,919</u>	<u>(11,947,919)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>12,169,639</u>	<u>(583,791)</u>	<u>11,585,848</u>	<u>19,142,373</u>
EXPENSES				
Program services	10,327,411	-	10,327,411	12,874,479
Management and general	1,917,188	-	1,917,188	773,175
Fundraising	<u>333,704</u>	<u>-</u>	<u>333,704</u>	<u>278,793</u>
Total expenses	<u>12,578,303</u>	<u>-</u>	<u>12,578,303</u>	<u>13,926,447</u>
Change in net assets	(408,664)	(583,791)	(992,455)	5,215,926
NET ASSETS, <i>beginning of year</i>	<u>2,997,115</u>	<u>7,177,673</u>	<u>10,174,788</u>	<u>4,958,862</u>
NET ASSETS, <i>end of year</i>	<u>\$ 2,588,451</u>	<u>\$ 6,593,882</u>	<u>\$ 9,182,333</u>	<u>\$ 10,174,788</u>

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

Moore Impact, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2023
(With comparative totals for the year ended December 31, 2022)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses 12/31/23</u>	<u>Total Expenses 12/31/22</u>
Salaries	\$ 693,201	\$ 548,725	\$ 180,303	\$ 1,422,229	\$ 966,588
Payroll taxes and employee benefits	122,624	97,107	31,926	251,657	172,403
Grants awarded	8,218,285	-	-	8,218,285	11,817,418
Professional fees	1,014,683	510,411	87,620	1,612,714	820,746
Office expenses and supplies	12,385	9,804	3,221	25,410	27,694
Rent expense	4,825	3,819	1,255	9,899	10,295
Postage, printing and publications	4,805	3,804	1,250	9,859	8,205
Insurance	23,682	18,746	6,160	48,588	2,297
Outreach and marketing	-	2,950	-	2,950	672
Travel and meetings	58,122	51,665	19,374	129,161	34,387
Events	141,577	-	-	141,577	20,518
Dues and subscriptions	23,244	-	-	23,244	7,019
Professional development	-	9,222	-	9,222	21,805
Bad debt expense	-	650,000	-	650,000	-
Other expenses	9,978	10,935	2,595	23,508	16,400
Total expenses	<u>\$ 10,327,411</u>	<u>\$ 1,917,188</u>	<u>\$ 333,704</u>	<u>\$ 12,578,303</u>	<u>\$ 13,926,447</u>

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

Moore Impact, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2023
(With comparative totals for the year ended December 31, 2022)

	December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (992,455)	\$ 5,215,926
Adjustments to reconcile change in net assets to cash used for operating activities:		
Bad debt expense	650,000	-
Changes in assets and liabilities:		
Contributions receivable, net	696,397	(337,158)
Accounts payable and accrued expenses	(53,207)	19,609
Grants payable	(480,000)	485,000
Deferred revenue	-	(35,750)
Total adjustments	<u>813,190</u>	<u>131,701</u>
Net cash used for operating activities/ Net decrease in cash and cash equivalents	(179,265)	5,347,627
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>8,611,685</u>	<u>3,264,058</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 8,432,420</u>	<u>\$ 8,611,685</u>
SUPPLEMENTAL INFORMATION		
No interest or taxes were paid.		

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

Moore Impact, Inc.

Notes to Financial Statements

December 31, 2023

Note 1 - Organization

Moore Impact, Inc. (the "Organization"), established in 2020 is a Black-founded and Black-led institution. The Organization provides fiscal sponsorship to community leaders and donors, helping them bring to life their vision for a more just world. The Organization also serves as a sponsoring organization for Donor Advised Funds ("DAFs"), which allows individuals, families, and institutions to create a structured and flexible giving fund from which they can manage all of their grantmaking, both in the U.S. and abroad. The Organization's primary sources of revenue is contributions.

The Organization is a not-for-profit organization and has been notified by the Internal Revenue Service that it is 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 as defined in Section 509(a).

The Organization was created under Moore Philanthropy, a related S-Corporation, as a collaborative partner to strategize on philanthropic initiatives. The parties share various costs, described further in Note 5. Moore Philanthropy does not meet the requirements for consolidation because the Organization does not have control over Moore Philanthropy.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

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

b. Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958 *Presentation of Financial Statements of Not-For-Profit Entities*. FASB ASC 958 requires the Organization to report information regarding its financial position and activities according to the following specific 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* - represents those resources, the uses of which have been restricted by donors for a specific purpose or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Revenue Recognition

The Organization follows the requirements of the FASB ASC 958-605 for recording contributions, which are recorded at the time they become unconditional in nature. Contributions are recorded in one of the classes of net assets described 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. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

Moore Impact, Inc.

Notes to Financial Statements

December 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

c. Revenue Recognition - Continued

Contributions may be subject to conditions which are defined 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. Conditional contributions that have been received by the Organization but have not been recognized amount to \$1,350,000 and \$999,529 for the years ended December 31, 2023 and 2022, respectively. These contributions are conditioned upon meeting milestones and providing deliverables and will be recognized as contribution revenue when the conditions are met.

The Organization follows the requirements of FASB ASC 606 for recognizing revenue generated from fees for service. The Organization receives fees for services provided based on contracts. Revenue is recognized at the point in time that the services are provided and the performance obligation is met. Fees for service that have been earned but not paid at year end are recognized as income and a related receivable. Cash received in advance of recognizing the income is recognized as deferred income.

Pledges that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value, which is calculated using risk-adjusted present value techniques if deemed material. Long-term pledges are considered time-restricted until the period they are due, at which time they will be released from restriction and counted towards operations. At December 31, 2023 all pledges were expected to be received in one year. At December 31, 2022, \$300,000 was expected in greater than one year, and net receivables included a present value discount of \$24,807 using a discount rate of 4.41%.

Management assesses the collectability of all outstanding contributions receivable based upon historical trends and experience with donors. Based on that review, management has concluded that all receivables are collectible. As such, no allowance for uncollectible accounts was deemed necessary for the years ended December 31, 2023 and 2022.

On January 1, 2023, the Organization adopted FASB Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses* ("Topic 326"). Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions. The Organization did not have financial assets which potentially subject the Organization to credit losses at December 31, 2023. The impact of the adoption was not considered material to the financial statements and primarily results in new/enhanced disclosures only.

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.

Moore Impact, Inc.

Notes to Financial Statements

December 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

e. Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to a concentration of credit risk, consist of cash that has been placed with financial institutions that management deems to be creditworthy. At times and at year end, balances may exceed federally insured limits; however, management feels they have little risk and has not experienced any losses due to the failure of any financial institution.

f. In-Kind Contributions

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.

Board members and other individuals volunteer their time and perform a variety of services that assist the Organization. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

g. 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.

h. Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The Organization did not have any leases with a term longer than 12 months during the years ended December 31, 2023 or 2022.

i. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Moore Impact, Inc.

Notes to Financial Statements

December 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

i. Functional Allocation of Expenses - Continued

Salaries and professional fees are allocated based on time and effort. The following costs are allocated based on salary allocations:

- Payroll taxes and employee benefits
- Office expenses and supplies
- Rent expense
- Postage, printing and publications
- Insurance
- Travel and meetings
- Other expenses

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

j. Advertising

The cost of advertising is expensed as incurred.

k. Prior Year Comparative Financial 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 Foundation's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

l. 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 December 31, 2020 and later are subject to examination by applicable taxing authorities.

Note 3 - Grants payable and Commitments

Grant expenses are incurred in the year they are approved. During the years ended December 31, 2023 and 2022, unconditional grants that were approved but not paid amounted to \$205,000 and \$650,000, respectively.

At December 31, 2023 and 2022, the Organization had a total of \$4,315,400 and \$4,816,850, respectively, in conditional grants that have not been recorded. The expense will be recorded in the year grantees meet the conditions according to the grant agreements.

Moore Impact, Inc.

Notes to Financial Statements

December 31, 2023

Note 4 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	December 31, 2023			
	Balance	Contributions	Released	Balance
	1/1/23		from	12/31/23
		Restrictions		
Warner Music Group/ Blavatnik Family Foundation Social Justice Fund	\$ 78,168	\$ 5,469,743	\$ (5,377,723)	\$ 170,188
Building Power Champions in support of BIPOC Communities	1,945,986	-	(1,945,986)	-
We Tell Ourselves	1,591,989	182,325	(958,426)	815,888
Gates Post Secondary	750,000	999,529	(945,686)	803,843
Gates Infrastructure	-	3,150,000	-	3,150,000
Racial Justice Grantmaking	900,000	1,100,000	(2,000,000)	-
Camino Center for Community Innovation	1,418,272	10,000	(155,115)	1,273,157
Latinas Represent	241,717	251,605	(245,041)	248,281
Make Justice Normal	106,200	50,161	(133,501)	22,860
Racial Equity Index	31,861	50,400	(40,831)	41,430
Other projects	113,480	100,365	(145,610)	68,235
Total	<u>\$ 7,177,673</u>	<u>\$ 11,364,128</u>	<u>\$(11,947,919)</u>	<u>\$ 6,593,882</u>
	December 31, 2022			
	Balance	Contributions	Released	Balance
	1/1/22		from	12/31/22
		Restrictions		
Warner Music Group/ Blavatnik Family Foundation Social Justice Fund	\$ 325,000	\$ 11,736,912	\$(11,983,744)	78,168
Building Power Champions in support of BIPOC Communities	3,823,114	-	(1,877,128)	1,945,986
We Tell Ourselves	654,397	1,257,325	(319,733)	1,591,989
Gates Post Secondary	-	750,000	-	750,000
Racial Justice Grantmaking	-	900,000	-	900,000
Camino Center for Community Innovation	-	1,550,000	(131,728)	1,418,272
Latinas Represent	-	393,229	(151,512)	241,717
Make Justice Normal	-	214,800	(108,600)	106,200
Racial Equity Index	3,691	56,169	(27,999)	31,861
Other projects	98,957	77,752	(63,229)	113,480
Total	<u>\$ 4,905,159</u>	<u>\$ 16,936,187</u>	<u>\$(14,663,673)</u>	<u>\$ 7,177,673</u>

Moore Impact, Inc.

Notes to Financial Statements

December 31, 2023

Note 5 - Related Party Transactions

Effective January 1, 2022, the Organization and Moore Philanthropy entered into an agreement that provides for shared resources such as employees, office space, furniture, equipment, facilities, services, and other resources to be accounted for separately and invoiced between the parties at fair value. At its sole discretion, Moore Philanthropy may cover the Organization's portion of the costs associated with software and systems.

During the years ended December 31, 2023 and December 31, 2022, Moore Philanthropy reimbursed the Organization for shared resources in the amount of \$101,118 and \$47,025, respectively.

Note 6 - Bad Debt Expense

During the year ended December 31, 2022, the Organization recognized an unconditional, multi-year contribution. During the year ended December 31, 2023, the grant was terminated early due to unforeseen circumstances that prevented the Organization from carrying out the purpose of the grant. As a result of the termination, the Organization wrote off the receivable balance, which totaled \$650,000. This amount was also released from restriction upon write-off, which is included with net assets released from restriction on the statement of activities.

Note 7 - Retirement Plan

Effective January 1, 2022, the Organization set up a retirement plan in accordance with the Internal Revenue Service Code Section 403(b). All employees are eligible to participate. The plan allows employees to voluntarily contribute a portion of their salary (limited by statutory rates) to the plan to be used for retirement. The Organization provides an annual match on employee contributions up to 3%. The Organization contributed \$34,095 and \$30,205 during the year ended December 31, 2023 and 2022, respectively.

Moore Impact, Inc.

Notes to Financial Statements

December 31, 2023

Note 8 - Availability and Liquidity

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, the Organization operates its programs within a board approved budget and relies on contributions and earned income to fund its operations and program activities.

The following reflects the Organization's financial assets at December 31, 2023 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	\$ 8,432,420	
Contributions receivable, net	<u>997,761</u>	
Total financial assets		\$ 9,430,181
Less amounts not available for general expenditures:		
Donor contributions restricted to specific purposes		<u>(6,593,882)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u><u>\$ 2,836,299</u></u>

Note 9 - Subsequent Events

Subsequent events have been evaluated through October 28, 2024, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.