

THE OPPORTUNITY AGENDA, INC.



The **Opportunity** Agenda

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Opportunity Agenda, Inc.
New York, NY

Opinion

We have audited the financial statements of The Opportunity Agenda, Inc. ("TOA"), which comprise the statement of financial position as of December 31, 2022, 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 TOA as of December 31, 2022, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of TOA 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.

Report on 2021 Financial Statements

The financial statements of TOA as of and for the year ended December 31, 2021, were audited by another auditor whose report dated June 22, 2022, expressed an unmodified opinion on those statements.

Change in Accounting Principle

As discussed in Note 2H to the financial statements, TOA changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective January 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

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 TOA's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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.

Mayer Hoffman McCann CPAs

The New York Practice of Mayer Hoffman McCann P.C.
An Independent CPA Firm



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 TOA'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 TOA'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.

Mayer Hoffman McCann CPAs

New York, NY
August 24, 2023

**THE OPPORTUNITY AGENDA, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and cash equivalents (Notes 2C, 3 and 9D)	\$ 7,817,721	\$ 9,388,340
Accounts receivable (Notes 2G, 3 and 9B)	-	403,963
Contributions receivable (Notes 2D, 2G, 3, 4 and 9C)	719,491	2,250,000
Prepaid expenses and other assets	17,819	-
Right-of-use lease asset - operating (Notes 2H and 7)	2,245,939	-
TOTAL ASSETS	\$ 10,800,970	\$ 12,042,303
LIABILITIES		
Accounts payable and accrued expenses	\$ 903,785	\$ 390,028
Lease liability - operating (Notes 2H and 7)	2,367,430	-
TOTAL LIABILITIES	3,271,215	390,028
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS (Note 2B)		
Without donor restrictions	6,528,515	7,435,945
With donor restrictions (Note 5)	1,001,240	4,216,330
TOTAL NET ASSETS	7,529,755	11,652,275
TOTAL LIABILITIES AND NET ASSETS	\$ 10,800,970	\$ 12,042,303

THE OPPORTUNITY AGENDA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>For the Year Ended December 31, 2022</u>			<u>For the year Ended December 31, 2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE						
Support						
Contributions (Notes 2D and 9A)	\$ 880,968	\$ 1,365,000	\$ 2,245,968	\$ 5,830,615	\$ 5,083,047	\$ 10,913,662
Net assets released from restrictions (Note 5)	<u>4,580,090</u>	<u>(4,580,090)</u>	<u>-</u>	<u>866,717</u>	<u>(866,717)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>5,461,058</u>	<u>(3,215,090)</u>	<u>2,245,968</u>	<u>6,697,332</u>	<u>4,216,330</u>	<u>10,913,662</u>
EXPENSES (Note 2E)						
Program services	4,356,127	-	4,356,127	2,286,092	-	2,286,092
Management and general	1,356,406	-	1,356,406	572,409	-	572,409
Fundraising	<u>655,955</u>	<u>-</u>	<u>655,955</u>	<u>368,574</u>	<u>-</u>	<u>368,574</u>
TOTAL EXPENSES	<u>6,368,488</u>	<u>-</u>	<u>6,368,488</u>	<u>3,227,075</u>	<u>-</u>	<u>3,227,075</u>
CHANGE IN NET ASSETS	(907,430)	(3,215,090)	(4,122,520)	3,470,257	4,216,330	7,686,587
Net assets - beginning of year	<u>7,435,945</u>	<u>4,216,330</u>	<u>11,652,275</u>	<u>3,965,688</u>	<u>-</u>	<u>3,965,688</u>
NET ASSETS - END OF YEAR	<u>\$ 6,528,515</u>	<u>\$ 1,001,240</u>	<u>\$ 7,529,755</u>	<u>\$ 7,435,945</u>	<u>\$ 4,216,330</u>	<u>\$ 11,652,275</u>

The accompanying notes are an integral part of these financial statements.

THE OPPORTUNITY AGENDA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Year Ended December 31, 2022				Year Ended December 31, 2021			
	Program Services	Management and General	Fundraising	2022 Total	Program Services	Management and General	Fundraising	2021 Total
Salaries	\$ 1,835,891	\$ 410,665	\$ 371,992	\$ 2,618,548	\$ 1,144,379	\$ 222,702	\$ 216,406	\$ 1,583,487
Fringe benefits and payroll taxes (Note 6)	397,064	88,818	80,454	566,336	283,373	53,689	69,209	406,271
Professional fees	1,397,746	686,689	47,504	2,131,939	597,142	175,954	55,403	828,499
Insurance	16,605	3,897	3,571	24,073	11,014	7,397	1,581	19,992
Occupancy (Note 7)	367,413	86,220	79,014	532,647	149,929	83,900	17,929	251,758
Travel and Meeting	160,039	37,556	34,417	232,012	15,592	6,137	2,883	24,612
Computer supplies and expenses	56,767	13,321	12,208	82,296	23,920	1,538	913	26,371
Office supplies	78,285	18,371	16,835	113,491	15,622	9,878	2,364	27,864
Miscellaneous	46,317	10,869	9,960	67,146	45,121	11,214	1,886	58,221
TOTAL EXPENSES	\$ 4,356,127	\$ 1,356,406	\$ 655,955	\$ 6,368,488	\$ 2,286,092	\$ 572,409	\$ 368,574	\$ 3,227,075
	69%	21%	10%					

The accompanying notes are an integral part of these financial statements.

THE OPPORTUNITY AGENDA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (4,122,520)	\$ 7,686,587
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-cash adjustment on operating leases	(2,245,939)	-
Subtotal	(6,368,459)	7,686,587
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	403,963	(403,963)
Contributions receivable	1,530,509	(2,250,000)
Prepaid expenses and other assets	(17,819)	-
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	513,757	375,528
Lease liability	2,367,430	-
Net Cash Provided by Operating Activities	(1,570,619)	5,408,152
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,570,619)	5,408,152
Cash and cash equivalents - beginning of year	9,388,340	3,980,188
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,817,721	\$ 9,388,340

**THE OPPORTUNITY AGENDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Opportunity Agenda, Inc. (“TOA”), Inc. is a social justice communication lab that works to advance the impact of the social justice in the community. TOA uses a unique combination of communication expertise and creative engagement to help social justice leaders tell a better story, move hearts and minds, and drive lasting policy and culture change. Using research to craft compelling narratives and effective messages, TOA builds the communication capacity of social justice leaders through training and resources. TOA engages with artists, creatives, and culture makers as powerful storytellers to inspire mass audiences and activism.

TOA is a not-for-profit corporation incorporated in the State of Delaware and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Prior to the formation of the 501(c)(3), TOA operated as a project of the Tides Center. On May 1, 2021, TOA officially stepped out [“spun”] from Tides and began operating as an independent non-profit with 501(c)(3) status. While the statements for the year ended December 31, 2021 represent a full year of operations, substantial activities commenced on May 1, 2021, following organizational independence.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Accounting** – TOA’s financial statements have been prepared on the accrual basis of accounting. TOA adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. **Basis of Presentation** – TOA maintains their net assets under the following two classes:
- Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.
 - Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of TOA or the passage of time.
- C. **Cash and Cash Equivalents** – Cash and cash equivalents consist of all liquid cash instruments with maturities of 90 days or less, when acquired.
- D. **Contributions** – Contributions are accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.
- E. **Functional Allocation of Expenses** – The cost of providing the various program and supporting services has been summarized on a functional basis in the statements of functional expenses. Costs that are shared or are administrative in nature are allocated across all program areas based on pre-determined allocations which are reviewed and revised annually. Salaries and employee related expenses are excluded from this shared cost allocation since individual employee costs are allocated based on actual work being performed.
- F. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.
- G. **Allowance for Doubtful Accounts** – TOA bases its allowance for doubtful contributions and accounts on the age of the receivables, and an evaluation of the creditworthiness of the donor. Contributions and accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. TOA has determined that no allowance was necessary as of December 31, 2022 and 2021 for contributions and accounts receivable.

**THE OPPORTUNITY AGENDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. **Recent Accounting Pronouncements** – TOA adopted FASB ASC 2016-02, *Leases* (Topic 842) for the year ended December 31, 2022. The ASU requires organizations that lease assets to recognize the present value of the assets and liabilities for the rights and obligations created by those leases. The lease assets and liabilities on December 31, 2022 totaled \$2,245,939 and \$2,367,430, respectively. The adoption of Topic 842 had no effect on the change in net assets as previously reported.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR OPERATING EXPENDITURES

The financial assets available for general expenditures, over the next 12 months are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 7,817,721	\$ 9,388,340
Accounts receivable	-	403,963
Contributions receivable	<u>719,491</u>	<u>2,250,000</u>
Less: Net assets with donor restrictions	<u>(1,001,240)</u>	<u>(4,216,330)</u>
Total	<u>\$ 7,535,972</u>	<u>\$ 7,825,973</u>

TOA regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, TOA considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities to be general expenditures. Net assets with donor restriction includes contributions receivable due in one to five years.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Collectible in:		
Less than one year	\$ 500,000	\$ 1,200,000
One to five years	<u>225,000</u>	<u>1,050,000</u>
	725,000	2,250,000
Less: Discount on pledges (2.51%)	<u>(5,509)</u>	<u>-</u>
	<u>\$ 719,491</u>	<u>\$ 2,250,000</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the purposes listed below as of December 31:

	<u>2022</u>	<u>2021</u>
Criminal Justice	\$ -	\$ 70,000
Democracy	40,179	787,542
Economic Opportunity	236,061	419,225
Time Restricted	725,000	300,000
Immigrants and Opportunity	<u>-</u>	<u>2,639,563</u>
Total net assets with donor restrictions	<u>\$ 1,001,240</u>	<u>\$ 4,216,330</u>

Net assets with donor restrictions as of December 31, 2022 and 2021 were \$1,001,240 and \$4,216,330, respectively. Net assets of \$4,580,090 and \$866,717 were released from restrictions during the years ended December 31, 2022 and 2021, respectively, by incurring expenses or the passage of time, thus satisfying the restricted purposes.

THE OPPORTUNITY AGENDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 – PENSION PLAN

TOA has a 401(k) defined contribution pension plan for all employees. TOA matches contributions based on the amount of the employee's pre-tax or Roth contributions of eligible employees to the plan on the first day of employment. The total expense under the plan for the years ended December 31, 2022 and 2021 amounted to \$63,347 and \$29,855, respectively.

NOTE 7 – OPERATING LEASE

TOA has a lease agreement for the rental of its New York office. TOA assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As a result, adopting FASB 842 had no impact on the prior year statement of financial position information, and because these leases are operating leases, the adoption of the standard has no impact on TOA's change in net assets. Comparative information provided in the following paragraphs was determined using the accounting principles in effect as of and for the year ended December 31, 2021 Accounting Standards Codification (i.e. ASC 840). No comparative information is provided for the amounts reported on the statement of financial position as of December 31, 2021 since TOA used the modified retrospective method of transition that does not require restating the prior period.

As of December 31, 2022, the right-of-use ("ROU") asset had a balance of \$2,245,939 and the lease liability totaled \$2,367,430, as reflected in the accompanying statements of financial position. For the year ended December 31, 2022, the lease liabilities were calculated utilizing the risk-free rate in effect at the initial adoption date of January 1, 2022. The weighted average of the remaining lease term is 78 months, and the weighted average discount rate is 1.55%.

2023	\$	350,774
2024		360,420
2025		370,331
2026		380,515
2027		390,980
Thereafter		<u>641,749</u>
Total lease payments		2,494,769
Less: Present value discount		<u>(127,338)</u>
Present value of lease liabilities	\$	<u>2,367,430</u>

Rent expense amounts to \$478,908 and \$252,000 for the years ended December 31, 2022 and 2021, respectively.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

TOA believes it has no uncertain tax positions as of December 31, 2022 and 2021 in accordance with FASB ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 9 – CONCENTRATIONS

- A. TOA received 30% of its contributions revenue from one contributor for the year ended December 31, 2022, and 33% of its revenue from one contributor for the year ended December 31, 2021.
- B. TOA derived 100% of its accounts receivable from one organization as of December 31, 2021.
- C. TOA derived 66% of its contributions receivable from one contributor as of December 31, 2022, and 53% of its receivables from one contributor as of December 31, 2021.

THE OPPORTUNITY AGENDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 – CONCENTRATIONS (Continued)

- D. Cash accounts that potentially subject TOA to a concentration of credit risk include cash accounts with a bank that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to \$250,000 per depositor, per insured financial institution. As of December 31, 2022 and 2021, there was approximately \$7,568,000 and \$5,360,000, respectively, of cash and cash equivalents held by a bank that exceeded FDIC limits.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through August 24, 2023, the date the financial statements were available to be issued.