

FAIR FUND, INC. DBA FAIR GIRLS
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

FAIR Fund, Inc. dba FAIR Girls

Table of Contents

| | Page |
|---|-------------|
| Independent Auditor's Report | 1 - 2 |
| Audited Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities and Changes in Net Assets | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 - 11 |



Independent Auditor's Report

Board of Directors
FAIR Fund, Inc. dba FAIR Girls
Washington, D.C.

We have audited the accompanying financial statements of **FAIR Fund, Inc. dba FAIR Girls** (a nonprofit organization), which comprise the Statement of Financial Position as of September 30, 2017, and the related Statements of Activities and Changes in Net Assets, 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 of 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.

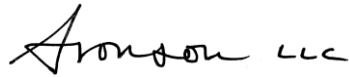
805 King Farm Boulevard
Suite 300
Rockville, Maryland 20850

☎ 301.231.6200
☎ 301.231.7630
www.aronsonllc.com
info@aronsonllc.com

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **FAIR Fund, Inc. dba FAIR Girls** as of September 30, 2017, 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.



Rockville, Maryland
August 9, 2018

FAIR Fund, Inc. dba FAIR Girls

Statement of Financial Position

| <i>September 30,</i> | <i>2017</i> |
|--|-------------------|
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 70,063 |
| Grants receivable | 44,617 |
| Contributions receivable, current portion | 155,000 |
| Prepaid expenses | 7,914 |
| Total current assets | 277,594 |
| Non-current assets | |
| Contributions receivable, net of current portion | 120,429 |
| Deposits | 8,510 |
| Total non-current assets | 128,939 |
| Total assets | \$ 406,533 |
| Liabilities and Net Assets | |
| Accounts payable | \$ 18,498 |
| Accrued expenses | 20,969 |
| Total liabilities | 39,467 |
| Net assets | |
| Unrestricted | 87,066 |
| Temporarily restricted | 280,000 |
| Total net assets | 367,066 |
| Total liabilities and net assets | \$ 406,533 |

The accompanying Notes to Financial Statements are an integral part of these financial statements.

FAIR Fund, Inc. dba FAIR Girls

Statement of Activities and Changes in Net Assets

| <i>For the Year Ended September 30, 2017</i> | Unrestricted | Temporarily Restricted | Total |
|--|------------------|---------------------------|-------------------|
| Revenue and other support | | | |
| Contributions | \$ 450,842 | \$ 475,000 | \$ 925,842 |
| Contributed services | 938,601 | - | 938,601 |
| Grants - state and local governments | 273,598 | - | 273,598 |
| Conference sponsorships and registrations | 30,350 | - | 30,350 |
| Other income | 1,537 | - | 1,537 |
| Net assets released from restrictions | 195,000 | (195,000) | - |
| Total revenue and other support | 1,889,928 | 280,000 | 2,169,928 |
| Expenses | | | |
| Program services: | | | |
| Case management | 203,519 | - | 203,519 |
| Prevention education | 267,221 | - | 267,221 |
| Vida home | 355,427 | - | 355,427 |
| Policy and advocacy | 187,529 | - | 187,529 |
| Other programs | 105,838 | - | 105,838 |
| Total program services | 1,119,534 | - | 1,119,534 |
| Support services: | | | |
| General and administrative | 667,166 | - | 667,166 |
| Fundraising | 49,217 | - | 49,217 |
| Total support services | 716,383 | - | 716,383 |
| Total expenses | 1,835,917 | - | 1,835,917 |
| Change in net assets | 54,011 | 280,000 | 334,011 |
| Net assets, beginning of year | 33,055 | - | 33,055 |
| Net assets at end of year | \$ 87,066 | \$ 280,000 | \$ 367,066 |

The accompanying Notes to Financial Statements are an integral part of these financial statements.

FAIR Fund, Inc. dba FAIR Girls

Statement of Functional Expenses

| <i>For Year Ended</i> <i>September 30, 2017</i> | Program Services | | | | | Supporting Services | | Total | |
|--|--------------------|-------------------------|-------------------|------------------------|-------------------|------------------------------|-------------------------------|------------------|---------------------|
| | Case Management | Prevention Education | Vida Home | Policy and Advocacy | Other Programs | Total Program Services | General and Administrative | | Fundraising |
| Salary and benefits | \$ 67,571 | \$ 129,263 | \$ 72,862 | \$ 72,292 | \$ - | \$ 341,988 | \$ 125,579 | \$ 22,717 | \$ 490,284 |
| Professional services | 13,172 | 26,047 | 16,420 | 14,122 | 22,615 | 92,376 | 17,247 | 4,288 | 113,911 |
| Organization | 80 | 151 | 84 | 82 | - | 397 | 93 | 26 | 516 |
| Dues and membership fees | 76 | 144 | 80 | 579 | - | 879 | 90 | 25 | 994 |
| Subscriptions and licenses | 2,197 | 3,667 | 2,159 | 1,999 | - | 10,022 | 2,271 | 1,843 | 14,136 |
| Advertising | - | - | - | - | - | - | - | 178 | 178 |
| Internet | 178 | 336 | 758 | 225 | - | 1,497 | 208 | 58 | 1,763 |
| Corporate licenses | 114 | 215 | 119 | 117 | - | 565 | 133 | 37 | 735 |
| Insurance | 2,232 | 4,226 | 2,339 | 2,303 | - | 11,100 | 2,618 | 732 | 14,450 |
| Bank charges | 134 | 253 | 145 | 138 | 90 | 760 | 157 | 74 | 991 |
| Merchant fees | 222 | 419 | 232 | 229 | - | 1,102 | 272 | 1,084 | 2,458 |
| Interest | 56 | 105 | 58 | 57 | - | 276 | 65 | 18 | 359 |
| Late fees and penalties | 185 | 350 | 194 | 191 | - | 920 | 217 | 61 | 1,198 |
| Rent and office | 8,225 | 15,313 | 11,983 | 8,409 | - | 43,930 | 9,334 | 2,676 | 55,940 |
| Travel and meeting | 568 | 956 | 947 | 3,287 | - | 5,758 | 582 | 5,114 | 11,454 |
| Event | - | - | - | 9 | - | 9 | - | 4,689 | 4,698 |
| Counseling | 8,825 | 1,975 | 111,410 | - | - | 122,210 | - | 125 | 122,335 |
| Legal | 83,133 | 83,133 | 83,133 | 83,133 | 83,133 | 415,665 | 508,039 | - | 923,704 |
| Facility | 91 | 163 | 36,092 | 89 | - | 36,435 | 101 | 28 | 36,564 |
| Assistance | 14,928 | 371 | 16,338 | 195 | - | 31,832 | 77 | 5,421 | 37,330 |
| Miscellaneous | 1,532 | 134 | 74 | 73 | - | 1,813 | 83 | 23 | 1,919 |
| Total expenses | \$ 203,519 | \$ 267,221 | \$ 355,427 | \$ 187,529 | \$ 105,838 | \$ 1,119,534 | \$ 667,166 | \$ 49,217 | \$ 1,835,917 |

The accompanying Notes to Financial Statements are an integral part of these financial statements.

FAIR Fund, Inc. dba FAIR Girls

Statement of Cash Flows

| <i>For the Year Ended September 30,</i> | 2017 |
|---|------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ 334,011 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Change in present value discount on contributions receivable | 4,571 |
| (Increase) decrease in | |
| Grants receivable | 54,057 |
| Contributions receivable | (280,000) |
| Prepaid expenses | (4,354) |
| Deposits | (2,720) |
| Increase (decrease) in | |
| Accounts payable | (12,346) |
| Accrued expenses | 8,342 |
| Deferred revenue | (17,700) |
| Net cash provided by operating activities | 83,861 |
| Cash flows from financing activities | |
| Principal payments on note payable | (25,000) |
| Net change in cash and cash equivalents | 58,861 |
| Cash and cash equivalents, beginning of year | 11,202 |
| Cash and cash equivalents, end of year | \$ 70,063 |

The accompanying Notes to Financial Statements are an integral part of these financial statements.

FAIR Fund, Inc. dba FAIR Girls

Notes to Financial Statements

1. Organization and significant accounting policies

Organization: FAIR Fund, Inc. dba FAIR Girls (the Organization) was incorporated in the Commonwealth of Massachusetts on June 10, 2002 as a not-for-profit organization. The mission of FAIR Fund, Inc. dba FAIR Girls is to provide intervention and holistic care to survivors of human trafficking who identify as girls or young women. Through prevention education and policy advocacy, FAIR Fund, Inc. dba FAIR Girls also works to eradicate human trafficking and create brighter outcomes for survivors in the District of Columbia, Maryland, and Virginia.

On March 7, 2018, the Organization changed its name to FAIR Girls, Inc.

Basis of presentation: These financial statements are prepared on the accrual basis of accounting. Under this basis, support and revenue are recognized when earned, and expenses are recognized as incurred.

Cash and cash equivalents: For purposes of financial statement presentation, the Organization considers demand deposits, all highly liquid debt instruments with original maturities of ninety days or less to be cash equivalents.

Accounts receivable: The face amount of accounts receivable is reduced by an allowance for doubtful accounts, if needed. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts. All accounts or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts. Substantially all amounts are expected to be collected within one year. At September 30, 2017, management deemed all accounts receivable to be fully collectible.

Contributions receivable: Unconditional promises to give are recorded as contributions when received. Amounts expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on promises to give are computed using a discount rate of 1.88% as of September 30, 2017. Amortization of the discount is included in contribution revenue. All contributions, or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts. At September 30, 2017, management deemed all contributions receivable to be fully collectible.

Net assets: Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed stipulations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

FAIR Fund, Inc. dba FAIR Girls

Notes to Financial Statements

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets whose use has been limited by donors to a specific time period and/or purpose. When the donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is met, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At September 30, 2017, the Organization had no permanently restricted net assets.

Revenue recognition:

Contributions - The Organization recognizes all contributions as revenue in the period received or unconditionally promised. Contributions are recorded as unrestricted or temporarily restricted depending on the presence or absence of donor stipulations that limit the use of the contributions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Contributed services - Contributed services are reported in the accompanying financial statements at the fair value of the services rendered. The contribution of services is recognized if the services received either (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation. During the year ended September 30, 2017, the total contributed services received by the Organization were \$938,601.

Grants - state and local governments - The Organization recognizes grant revenue in amounts equal to total allowable expenditures made during the period for the purposes specified by the grant.

FAIR Fund, Inc. dba FAIR Girls

Notes to Financial Statements

Conference sponsorships and registrations - Conference sponsorships and registrations include registration, sponsorship and event revenue and is recognized in the period when the event is held. Revenue collected in advance of the event is included in deferred revenue.

Other income - Other income, which consists mostly of revenue from miscellaneous programs and events, is recognized when the program or event occurs.

Functional allocation of expenses: The costs of providing the various programs and supporting activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income tax: The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for Federal income taxes. The Organization has no unrelated business income.

Uncertainty in income taxes: The Organization evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of September 30, 2017, there are no accruals for uncertain tax positions. If applicable, the Organization records interest and penalties as a component of income tax expense. Tax years from 2014 through the current year remain open for examination by tax authorities.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through August 9, 2018, which is the date the financial statements were available to be issued.

FAIR Fund, Inc. dba FAIR Girls

Notes to Financial Statements

- 2. Contributions receivable** The Organization is the recipient of unconditional promises to give or contributions receivable, which are expected to be received as follows as of September 30, 2017 :

| | |
|--|-------------------|
| Contributions receivable expected in: | |
| Less than one year | \$ 155,000 |
| Two to five years | 125,000 |
| Total contributions receivable | 280,000 |
| Less: discount to present value | (4,571) |
| Total contributions receivable, net | 275,429 |
| Less: current portion | (155,000) |
| Long term contributions receivable, net | \$ 120,429 |

- 3. Operating leases** The Organization has leases for office spaces and homes. All leases expire by June 30, 2018. Rent expense for the office spaces and homes totaled \$64,937 for the year ended September 30, 2017. Subsequent to year-end 2017, two of the leases were renewed and extended to February 2019 and May 2020, respectively. The future minimum rental payments required under the operating leases as of September 30, 2017 are as follows:

| Year Ending September 30 | Amount |
|--------------------------|-------------------|
| 2018 | \$ 67,310 |
| 2019 | 37,820 |
| 2020 | 16,640 |
| Total | \$ 121,770 |

- 4. Temporarily restricted net assets** Temporarily restricted net assets are available for the following purposes at September 30, 2017.

| | Balance at September 30, 2016 | Additions | Releases | Balance at September 30, 2017 |
|-----------------------|--|-------------------|---------------------|--|
| Novo Foundation grant | \$ - | \$ 375,000 | \$ (125,000) | \$ 250,000 |
| The City Fund grant | - | 100,000 | (70,000) | 30,000 |
| Total | \$ - | \$ 475,000 | \$ (195,000) | \$ 280,000 |

FAIR Fund, Inc. dba FAIR Girls

Notes to Financial Statements

- 5. Concentration** All of the Organization's contributions receivable were from two donors at September 30, 2017. Approximately 73% of total contribution revenue for the year ended September 30, 2017 were provided by four donors.