

FAIR GIRLS, INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2020 AND 2019

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Independent Auditor's Report

To the Board of Directors
FAIR Girls, Inc.
Washington, DC

We have audited the accompanying financial statements of FAIR Girls, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 FAIR Girls, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B to the financial statements, in fiscal year 2020, FAIR Girls, Inc. adopted new accounting guidance, Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, and ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Jane Marston & McQuade PA

Washington, DC
April 7, 2021

FAIR GIRLS, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 587,682	\$ 243,324
Grants receivable, current portion	125,000	90,909
Conditional promises to give	216,241	950
Prepaid expenses	5,809	15,591
Total Current Assets	<u>934,732</u>	<u>350,774</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	7,205	6,199
Accumulated depreciation	(2,909)	(1,485)
Property and Equipment, Net	<u>4,296</u>	<u>4,714</u>
OTHER ASSETS		
Security deposits	4,500	4,500
Grants receivable, net of current portion and discounts	121,359	-
Total Other Assets	<u>125,859</u>	<u>4,500</u>
TOTAL ASSETS	<u><u>\$ 1,064,887</u></u>	<u><u>\$ 359,988</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 5,984	\$ 8,450
Accrued expenses	46,586	12,019
Deferred revenue	87,365	-
Total Current Liabilities	<u>139,935</u>	<u>20,469</u>
LONG-TERM LIABILITIES		
Loan payable	141,100	-
Total Liabilities	<u>281,035</u>	<u>20,469</u>
NET ASSETS		
Without donor restrictions	482,185	319,719
With donor restrictions	301,667	19,800
Total Net Assets	<u>783,852</u>	<u>339,519</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,064,887</u></u>	<u><u>\$ 359,988</u></u>

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

FAIR GIRLS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 400,564	\$ 385,000	\$ 785,564
Government grants	757,968	-	757,968
In-kind contributions	267,326	-	267,326
Event revenue, net of direct expenses of \$474	15,522	-	15,522
Program revenue	575	-	575
Net assets released from restrictions	103,133	(103,133)	-
Total Revenue and Support	1,545,088	281,867	1,826,955
EXPENSES			
Program Services:			
Case management	262,702	-	262,702
Prevention education	167,817	-	167,817
Vida Home	333,099	-	333,099
Policy and advocacy	30,001	-	30,001
Drop-in center	1,945	-	1,945
Total Program Services	795,564	-	795,564
Support Services:			
General and administrative	516,538	-	516,538
Fundraising	70,520	-	70,520
Total Support Services	587,058	-	587,058
Total Expenses	1,382,622	-	1,382,622
CHANGE IN NET ASSETS	162,466	281,867	444,333
NET ASSETS , beginning of year	319,719	19,800	339,519
NET ASSETS , end of year	\$ 482,185	\$ 301,667	\$ 783,852

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

FAIR GIRLS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 329,534	\$ 19,800	\$ 349,334
Government grants	368,772	-	368,772
In-kind contributions	229,364	-	229,364
Event revenue, net of direct expenses of \$7,556	16,944	-	16,944
Gain on sales	3,536	-	3,536
Net assets released from restrictions	130,000	(130,000)	-
Total Revenue and Support	<u>1,078,150</u>	<u>(110,200)</u>	<u>967,950</u>
EXPENSES			
Program Services:			
Case management	142,759	-	142,759
Prevention education	117,500	-	117,500
Vida Home	256,385	-	256,385
Policy and advocacy	109,185	-	109,185
Drop-in center	28,636	-	28,636
Total Program Services	<u>654,465</u>	<u>-</u>	<u>654,465</u>
Support Services:			
General and administrative	329,889	-	329,889
Fundraising	87,574	-	87,574
Total Support Services	<u>417,463</u>	<u>-</u>	<u>417,463</u>
Total Expenses	<u>1,071,928</u>	<u>-</u>	<u>1,071,928</u>
CHANGE IN NET ASSETS	6,222	(110,200)	(103,978)
NET ASSETS, beginning of year	<u>313,497</u>	<u>130,000</u>	<u>443,497</u>
NET ASSETS, end of year	<u>\$ 319,719</u>	<u>\$ 19,800</u>	<u>\$ 339,519</u>

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

FAIR GIRLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	Program Services					Support Services			2020 Total Expenses	
	Case Management	Prevention Education	Vida Home	Policy and Advocacy	Drop-in Center	Total Programs Services	General and Administrative	Fundraising		Total Support Services
Personnel costs:										
Salaries	\$ 168,545	\$ 112,588	\$ 205,423	\$ 19,645	\$ 1,945	\$ 508,146	\$ 133,409	\$ 40,945	\$ 174,354	\$ 682,500
Payroll taxes	14,050	8,992	16,860	1,686	-	41,588	11,241	3,372	14,613	56,201
Employee benefits	13,713	8,776	16,456	1,646	-	40,591	10,970	3,291	14,261	54,852
Subtotal Personnel Costs	196,308	130,356	238,739	22,977	1,945	590,325	155,620	47,608	203,228	793,553
Accounting	-	-	-	-	-	-	50,937	-	50,937	50,937
Bank charges	-	-	-	-	-	-	4,443	-	4,443	4,443
Client assistance	7,862	-	24,006	-	-	31,868	-	-	-	31,868
Consultants	22,955	14,691	27,545	2,755	-	67,946	18,363	5,509	23,872	91,818
Depreciation	356	228	427	43	-	1,054	285	85	370	1,424
Dues, subscriptions and license fee	2,241	1,434	2,690	269	-	6,634	1,287	1,044	2,331	8,965
Insurance	2,566	1,642	3,079	308	-	7,595	2,052	616	2,668	10,263
Meetings and conferences	-	-	115	-	-	115	256	-	256	371
Office expenses	9,140	5,850	10,968	1,097	-	27,055	7,312	2,194	9,506	36,561
Postage and delivery	295	189	354	35	-	873	235	71	306	1,179
Printing and copying	487	312	585	58	-	1,442	390	117	507	1,949
Rent	15,477	9,905	18,573	1,857	-	45,812	12,382	3,715	16,097	61,909
Repairs and maintenance	967	619	1,160	116	-	2,862	772	232	1,004	3,866
Telephone and internet	3,634	2,326	4,361	436	-	10,757	2,906	872	3,778	14,535
Travel	414	265	497	50	-	1,226	330	99	429	1,655
	262,702	167,817	333,099	30,001	1,945	795,564	257,570	62,162	319,732	1,115,296
In-kind expenses	-	-	-	-	-	-	258,968	8,358	267,326	267,326
Total Expenses	<u>\$ 262,702</u>	<u>\$ 167,817</u>	<u>\$ 333,099</u>	<u>\$ 30,001</u>	<u>\$ 1,945</u>	<u>\$ 795,564</u>	<u>\$ 516,538</u>	<u>\$ 70,520</u>	<u>\$ 587,058</u>	<u>\$ 1,382,622</u>

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

FAIR GIRLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019

	Program Services					Support Services			2019 Total Expenses	
	Case Management	Prevention Education	Vida Home	Policy and Advocacy	Drop-in Center	Total Programs Services	General and Administrative	Fundraising		Total Support Services
Personnel costs:										
Salaries	\$ 97,858	\$ 84,552	\$ 143,293	\$ 78,333	\$ 20,427	\$ 424,463	\$ 61,531	\$ 43,583	\$ 105,114	\$ 529,577
Payroll taxes	7,511	6,676	11,267	6,259	1,669	33,382	5,008	3,338	8,346	41,728
Employee benefits	8,291	7,370	12,437	6,909	1,842	36,849	5,528	3,685	9,213	46,062
Subtotal Personnel Costs	113,660	98,598	166,997	91,501	23,938	494,694	72,067	50,606	122,673	617,367
Accounting	-	-	-	-	-	-	41,070	-	41,070	41,070
Bank charges	-	-	-	-	-	-	3,719	-	3,719	3,719
Client assistance	7,182	-	24,006	-	-	31,188	-	-	-	31,188
Consultants	2,754	2,372	31,757	2,197	573	39,653	1,725	2,163	3,888	43,541
Depreciation	223	198	335	186	50	992	149	99	248	1,240
Dues, subscriptions and license fee	1,497	828	1,639	767	200	4,931	602	1,044	1,646	6,577
Insurance	1,892	1,682	2,838	1,577	420	8,409	1,262	841	2,103	10,512
Meetings and conferences	57	49	369	46	12	533	36	705	741	1,274
Office expenses	485	431	727	404	108	2,155	323	216	539	2,694
Postage and delivery	118	105	177	98	26	524	80	52	132	656
Printing and copying	678	603	1,017	565	151	3,014	452	301	753	3,767
Rent	11,374	10,110	17,060	9,478	2,527	50,549	7,583	5,055	12,638	63,187
Repairs and maintenance	202	180	303	168	45	898	135	90	225	1,123
Telephone and internet	1,776	1,578	2,663	1,480	395	7,892	1,183	789	1,972	9,864
Travel	861	766	1,292	718	191	3,828	574	383	957	4,785
	142,759	117,500	251,180	109,185	28,636	649,260	130,960	62,344	193,304	842,564
In-kind expenses	-	-	5,205	-	-	5,205	198,929	25,230	224,159	229,364
Total Expenses	\$ 142,759	\$ 117,500	\$ 256,385	\$ 109,185	\$ 28,636	\$ 654,465	\$ 329,889	\$ 87,574	\$ 417,463	\$ 1,071,928

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

FAIR GIRLS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 444,333	\$ (103,978)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,424	1,240
Decrease (increase) in assets:		
Grants receivable	(155,450)	143,306
Conditional promises to give	(215,291)	2,289
Prepaid expenses	9,782	(4,334)
Decrease in liabilities:		
Accounts payable	(2,466)	(1,965)
Accrued expenses	34,567	(616)
Deferred revenue	87,365	-
Net Cash Provided by Operating Activities	204,264	35,942
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,006)	-
Net Cash Used for Investing Activities	(1,006)	-
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan	141,100	-
Net Cash Provided by Financing Activities	141,100	-
 NET CHANGE IN CASH	344,358	35,942
 CASH AND CASH EQUIVALENTS, beginning of year	243,324	207,382
 CASH AND CASH EQUIVALENTS, end of year	\$ 587,682	\$ 243,324

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

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES

Organization

FAIR Girls, Inc. (formerly, FAIR Fund, Inc.) is a 501(c)(3) nonprofit organization that was incorporated on June 10, 2002, in the Commonwealth of Massachusetts. The mission of FAIR Girls, Inc. 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 Girls, Inc. also works to eradicate human trafficking and create brighter outcomes for survivors in the District of Columbia, Maryland and Virginia.

Program Service

FAIR Girls, Inc.'s programs consist of the following:

Case Management - Upon receiving a tip or call, a FAIR Girls, Inc. representative provides an immediate comprehensive trafficking assessment and initial trauma response. FAIR Girls, Inc.'s clients receive personalized long-term assistance including counseling, education/career guidance, medical and mental health referrals, and legal support. Survivors are assigned to a case manager who helps the survivors work on developing comprehensive goal plans for themselves. The case managers understand that each survivor has her own unique history, so they work hard to meet the girls' individual needs. With the help of the team, each girl works to rebuild her life and become fully free, aware, inspired, and restored ("FAIR").

Prevention Education - Through educating high-risk girls and boys about their rights and resources in the classroom, FAIR Girls, Inc.'s curriculum both empowers and motivates students with the knowledge, communication skills, and community resources to keep themselves safe from exploitation and trafficking and to become peer educators who will "tell their friends," families, and communities how to do the same.

Vida Home - Vida Home is a 180-day transitional housing program/safe home that exclusively serves young women and female-identified survivors of sex trafficking and labor trafficking aged eighteen to twenty-six in the metro Washington, D.C. area. Up to 50 survivors walk through Vida Home's doors each year.

Policy and Advocacy - FAIR Girls, Inc. seeks to advocate for the legal protections and rights of the survivors. The priority is to improve the lives of these women and girl survivors as they are actually lived, rather than as they are typically viewed from the outside. With more than half of FAIR Girls, Inc.'s survivors, some as young as thirteen, having been misidentified and criminalized while in their trafficking situation, advocacy is critical to their recovery.

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019
(continued)

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES - continued

Other programs - The Drop-in Center program is uniquely designed for survivors of human trafficking. Through a series of practical life-skills workshops, participants develop skills in budgeting, job finding and retention, health and wellness, stress management, interpersonal communication, and workforce development skills.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

FAIR Girls, Inc. prepares its financial statements on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligation is incurred.

Adoption of New Accounting Pronouncement

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606 2014-09, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. FAIR Girls, Inc. has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendment has been applied retrospectively with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. FAIR Girls, Inc. has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with its implementation of ASU 2018-08.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation

Financial statement presentation follows FASB ASC Topic *Not-for-Profit-Entities*. In accordance with the topic, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of FAIR Girls, Inc. and changes therein, are classified and reported as follows:

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 may or will be met either by actions of FAIR Girls, Inc. and/or the passage of time or that must be maintained permanently by FAIR Girls, Inc. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Cash

FAIR Girls, Inc. maintains its cash balances in bank deposit accounts, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At times, the accounts may exceed this limit; however, FAIR Girls, Inc. believes it is not exposed to any significant credit risk on cash or cash equivalents.

Grants Receivable and Conditional Promises to Give

Grants receivable and conditional promises to give are stated at the amount management expects to collect from balances outstanding at year end. Amounts expected to be collected within one year are recorded at net realizable value. Grants receivable expected to be collected in the future are recorded at the present value of their estimated future cash flows. The discounts on grants receivable are computed using a discount rate of 3%.

Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes all receivables are fully collectible and no provision for allowance for doubtful accounts is deemed necessary.

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment

Property and equipment are recorded at cost. Major additions, replacements, and betterments with costs of at least \$1,000 and lives greater than one year are capitalized, while repairs and maintenance are expensed. Depreciation expense for property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, which range from three to seven years.

Revenue Recognition

Contributions: FAIR Girls, Inc. recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

Government Grants: Revenues are received primarily from state and federal government agencies, including U.S. Department of Justice, Montgomery County Department of Health and Human services, and other agencies. These revenues are considered conditional grants with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been substantially met. These grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement of funds by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Program Service Fees: Program service fees are revenues primarily derived from before and after-care programs, education prevention services, and various activities (e.g., providing safe housing, training in life skills, special events, etc.), which is recognized when the services are provided.

In-Kind Contributions

In-kind contributions are recorded at fair value of the services or items received. FAIR Girls, Inc. recognizes in-kind contributions that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Method Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or a supporting function such as management and general activities. Expenses of this nature are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation, office and occupancy costs, salaries and benefits, and other general organizational costs which are allocated on the basis of time and effort expended.

NOTE C - INCOME TAXES

FAIR Girls, Inc. is a 501(c)(3) entity exempt from federal income tax under Section 501(a) of the Internal Revenue Code. FAIR Girls, Inc. is, however, subject to tax on business income unrelated to its exempt purpose.

FAIR Girls, Inc. believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

FAIR Girls, Inc.'s information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. FAIR Girls, Inc.'s Form 990 information returns for the fiscal years 2017 through 2019, are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

FAIR Girls, Inc. regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to prudently invest available funds. FAIR Girls, Inc.'s sources of liquidity at its disposal include cash and receivables.

Although FAIR Girls, Inc. had donor restricted net assets of \$301,667 and \$19,800 as of September 30, 2020 and 2019, respectively, these assets are expected to be available to meet the needs for general expenditure within one year. The following reflects FAIR Girls, Inc.'s financial assets as of September 30:

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY – continued

	<u>2020</u>	<u>2019</u>
Cash	\$ 587,682	\$ 243,324
Grants receivable	246,359	90,909
Conditional promises to give	<u>216,241</u>	<u>950</u>
Total Financial Assets	1,050,282	335,183
Less: grants receivable net of current portion	<u>(121,359)</u>	<u>-</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 928,923</u>	<u>\$ 335,183</u>

NOTE E – GRANTS RECEIVABLE

FAIR Girls, Inc has a multi-year pledge due within one to three years, which has been reduced by the discounted present value of the grants receivable in accordance with accounting principles generally accepted in the United States of America. Expected receipts from grants due are as follows:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 125,000	\$ 90,909
Due in one to five years	<u>125,000</u>	<u>-</u>
Total	250,000	90,909
Less: Unamortized discount, at 3%	<u>(3,641)</u>	<u>-</u>
Grants Receivable, Net	<u>\$ 246,359</u>	<u>\$ 90,909</u>

NOTE F – LEASE COMMITMENT

In August 2020, FAIR Girls, Inc. entered into a lease agreement for its Drop-In-Center at 1400 20th Street, NW Washington, DC. The term of this lease will begin after the determination of when FAIR Girls, Inc. will be able to open and safely operate the Drop-In-Center under federal and local government COVID-19 protocols. The lease will end after 36 months of occupancy. If the premises cannot be occupied by June 30, 2021, either party has the option to terminate the lease. As of the date of these financial statements, the space has not yet been occupied.

The current lease for the VIDA Home for the clients was extended for a one-year period effective, March 2020 through February 2021, with a monthly rent of \$2,700. On February 1, 2021, the lease was renewed for a year effective, March 2021 through February 2022, with a monthly rent of \$2,700. The current lease has provisions that allow FAIR Girls, Inc. to get out of the lease, with a penalty of one month's rent, if the confidentiality of the location becomes compromised and the safety of the clients is endangered. The provision was added to

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019
(continued)

NOTE F – LEASE COMMITMENT – continued

the lease for the year ended September 30, 2018, as an added protection to Fair Girls, Inc.

The future minimum lease payments required under the operating leases are as follows:

2021	\$ 48,400
2022	61,980
2023	49,932
2024	33,944
Total	<u>\$ 194,256</u>

Rent expense for the years ended September 30, 2020 and 2019, totaled \$61,909 and \$63,187, respectively.

NOTE G – IN-KIND SERVICES

FAIR Girls, Inc. records in-kind revenue and the related expense at fair value on the date of donation as provided by the donor or by reference to prevailing market rates for similar goods or services. During the years ended September 30, 2020 and 2019, FAIR Girls, Inc. received donated goods and services in the amount of \$8,358 and \$119,787, and donated legal and other services totaling \$258,968 and \$109,577, respectively.

NOTE H – LOANS PAYABLE

On May 7, 2020, FAIR Girls, Inc. secured \$141,100 with PNC Bank, National Association (the “Lender”) under the Small Business Administration’s Paycheck Protection Plan (“PPP”) that authorized forgivable loans to small businesses. This loan can be used to cover certain expenses during the COVID-19 crisis. The loan amount may be forgiven as long as the loan proceeds are used to cover payroll costs, rent, certain mortgage interest, and utility costs over a period specified in the loan document after the loan is made. If not used for the purpose specified above and if the SBA does not confirm forgiveness of the loan, FAIR Girls, Inc. will be obligated to repay the loan on May 7, 2022, along with interest calculated at the rate of 1% per annum. FAIR Girls, Inc.’s management believes it will meet the requirements to achieve loan forgiveness. The PPP loan balance as of September 30, 2020, totaled \$141,100.

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019
(continued)

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the years ended September 30, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Human trafficking prevention education	\$ 10,000	\$ 15,000
Other programs	-	4,800
Time restricted	<u>291,667</u>	<u>-</u>
Total	<u>\$ 301,667</u>	<u>\$ 19,800</u>

NOTE J - SUBSEQUENT EVENTS

In preparing these financial statements, FAIR Girls, Inc. has evaluated events and transactions for potential recognition or disclosure through April 7, 2021, the date the financial statements were available to be issued. There were no events or transactions that were discovered during the evaluation that required further recognition or disclosure.