

**FAIR GIRLS, INC.**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**SEPTEMBER 30, 2021 AND 2020**

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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, 2021 and 2020, 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.

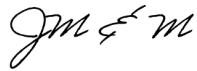
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

Independent Auditor's Report  
FAIR Girls, Inc.  
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**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, 2021 and 2020, 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.



Washington, DC  
July 15, 2022

**FAIR GIRLS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 898,833	\$ 587,682
Grants receivable, current portion	125,000	125,000
Promises to give	318,483	216,241
Prepaid expenses	3,441	5,809
Total Current Assets	<u>1,345,757</u>	<u>934,732</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	7,205	7,205
Accumulated depreciation	(4,350)	(2,909)
Property and Equipment, Net	<u>2,855</u>	<u>4,296</u>
<b>OTHER ASSETS</b>		
Security deposits	4,500	4,500
Grants receivable, net of current portion and discounts	-	121,359
Total Other Assets	<u>4,500</u>	<u>125,859</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,353,112</u>	<u>\$ 1,064,887</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 17,730	\$ 5,984
Accrued expenses	44,517	46,586
Deferred revenue	156,357	87,365
Loan payable	125,422	-
Total Current Liabilities	<u>344,026</u>	<u>139,935</u>
<b>LONG-TERM LIABILITIES</b>		
Loan payable	-	141,100
Total Liabilities	<u>344,026</u>	<u>281,035</u>
<b>NET ASSETS</b>		
Without donor restrictions	830,419	482,185
With donor restrictions	178,667	301,667
Total Net Assets	<u>1,009,086</u>	<u>783,852</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,353,112</u>	<u>\$ 1,064,887</u>

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

**FAIR GIRLS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Grants and contributions	\$ 610,565	\$ 12,000	\$ 622,565
Government grants	825,884	-	825,884
Event revenue, net of direct expenses of \$5,603	3,280	-	3,280
Net assets released from restrictions	135,000	(135,000)	-
Total Revenue and Support	1,574,729	(123,000)	1,451,729
<b>EXPENSES</b>			
Program Services:			
Case management	346,075	-	346,075
Prevention education	121,993	-	121,993
Vida Home	416,501	-	416,501
Total Program Services	884,569	-	884,569
Support Services:			
General and administrative	257,396	-	257,396
Fundraising	84,530	-	84,530
Total Support Services	341,926	-	341,926
Total Expenses	1,226,495	-	1,226,495
<b>CHANGE IN NET ASSETS</b>	348,234	(123,000)	225,234
<b>NET ASSETS</b> , beginning of year	482,185	301,667	783,852
<b>NET ASSETS</b> , end of year	\$ 830,419	\$ 178,667	\$ 1,009,086

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
<b>REVENUE AND SUPPORT</b>			
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
<b>EXPENSES</b>			
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
<b>CHANGE IN NET ASSETS</b>	162,466	281,867	444,333
<b>NET ASSETS</b> , beginning of year	319,719	19,800	339,519
<b>NET ASSETS</b> , 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 FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2021**

	Program Services				Support Services			Total Expenses
	Case Management	Prevention Education	Vida Home	Total Programs Services	General and Administrative	Fundraising	Total Support Services	
Personnel costs:								
Salaries	\$ 265,241	\$ 90,584	\$ 212,949	\$ 568,774	\$ 123,374	\$ 64,972	\$ 188,346	\$ 757,120
Payroll taxes	22,652	7,767	18,122	48,541	10,355	5,825	16,180	64,721
Employee benefits	22,125	7,586	17,700	47,411	10,113	5,689	15,802	63,213
Subtotal Personnel Costs	310,018	105,937	248,771	664,726	143,842	76,486	220,328	885,054
Accounting	-	-	-	-	81,012	-	81,012	81,012
Bank charges	-	-	-	-	3,886	-	3,886	3,886
Client assistance	4,574	5,330	32,806	42,710	-	-	-	42,710
Consultants	200	-	75,140	75,340	7,501	-	7,501	82,841
Depreciation	504	173	403	1,080	231	130	361	1,441
Dues, subscriptions and license fee	3,360	1,152	2,688	7,200	1,537	864	2,401	9,601
Insurance	5,030	1,725	4,024	10,779	2,300	1,293	3,593	14,372
Interest	-	-	-	-	1,940	-	1,940	1,940
Office expenses	2,746	941	2,197	5,884	1,255	706	1,961	7,845
Postage and delivery	368	126	294	788	167	95	262	1,050
Printing and copying	801	275	641	1,717	365	206	571	2,288
Rent	10,752	3,686	43,359	57,797	9,831	2,765	12,596	70,393
Repairs and maintenance	865	297	692	1,854	395	222	617	2,471
Telephone and internet	6,627	2,272	5,302	14,201	3,029	1,704	4,733	18,934
Travel	230	79	184	493	105	59	164	657
Total Expenses	<u>\$ 346,075</u>	<u>\$ 121,993</u>	<u>\$ 416,501</u>	<u>\$ 884,569</u>	<u>\$ 257,396</u>	<u>\$ 84,530</u>	<u>\$ 341,926</u>	<u>\$ 1,226,495</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			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	\$ 262,702	\$ 167,817	\$ 333,099	\$ 30,001	\$ 1,945	\$ 795,564	\$ 516,538	\$ 70,520	\$ 587,058	\$ 1,382,622

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

**FAIR GIRLS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 225,234	\$ 444,333
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,441	1,424
Decrease (increase) in assets:		
Grants receivable	121,359	(155,450)
Promises to give	(102,242)	(215,291)
Prepaid expenses	2,368	9,782
(Decrease) increase in liabilities:		
Accounts payable	11,746	(2,466)
Accrued expenses	(2,069)	34,567
Deferred revenue	68,992	87,365
Net Cash Provided by Operating Activities	326,829	204,264
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	-	(1,006)
Net Cash Used for Investing Activities	-	(1,006)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payment on loan	(15,678)	-
Proceeds from loan	-	141,100
Net Cash (Used for) Provided by Financing Activities	(15,678)	141,100
<b>NET CHANGE IN CASH</b>	311,151	344,358
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	587,682	243,324
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 898,833	\$ 587,682

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

**FAIR GIRLS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**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. Towards the end of fiscal year 2020, FAIR Girls, Inc. decided to focus their attention on Case Management, Prevention Education and Vida Home, and discontinued their work on Policy and Advocacy.

**FAIR GIRLS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
(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. The prior year activities under this program are now being performed under the case management program for fiscal year 2021.

**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.

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.

Basis of Presentation

Financial statement presentation follows FASB ASC Topic 958 *Not-for-Profit-Entities*. In accordance with Topic 958, 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 in perpetuity 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.

**FAIR GIRLS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
(continued)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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 Promises to Give

Grants receivable and 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.

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. When a donor 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.

**FAIR GIRLS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
(continued)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Revenue Recognition - continued

*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. The unearned portion of the conditional promises that has not been recognized as revenue as of September 30, 2021 totals \$410,888.

*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.

Method Used for Allocation of Expenses

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.

**FAIR GIRLS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
(continued)

**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 2018 through 2020, 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 \$178,667 and \$301,667 as of September 30, 2021 and 2020, 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:

	2021	2020
Cash	\$ 898,833	\$ 587,682
Grants receivable	125,000	246,359
Promises to give	318,483	216,241
Total Financial Assets	1,342,316	1,050,282
Less: grants receivable net of current portion	-	(121,359)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 1,342,316	\$ 928,923

**FAIR GIRLS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
(continued)

**NOTE E – GRANTS RECEIVABLE**

FAIR Girls, Inc. had a multi-year pledge due within one to three years, which had 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>2021</u>	<u>2020</u>
Due in less than one year	\$ 125,000	\$ 125,000
Due in one to five years	-	125,000
Total	<u>125,000</u>	<u>250,000</u>
Less: Unamortized discount, at 3%	-	(3,641)
Grants Receivable, Net	<u>\$ 125,000</u>	<u>\$ 246,359</u>

**NOTE F – LEASE COMMITMENT**

In August 2020, FAIR Girls, Inc. entered into a lease agreement for its Drop-In-Center in Washington, DC. The term of this lease would begin upon the determination of when FAIR Girls, Inc. would 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. FAIR Girls, Inc. occupied the space as of July 1, 2021.

The current lease for the VIDA Home for the clients was extended on March 1, 2022. The lease was renewed for a year, effective March 2022 through February 2023, 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 future minimum lease payments required under the operating leases are as follows:

2022	\$ 80,760
2023	63,309
2024	<u>38,187</u>
Total	<u>\$ 182,256</u>

Rent expense for the years ended September 30, 2021 and 2020, totaled \$70,393 and \$61,909, respectively.



**FAIR GIRLS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
(continued)

**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, 2021 and 2020, FAIR Girls, Inc. received donated goods and services in the amount of \$0 and \$8,358, and donated legal and other services totaling \$0 and \$258,968, respectively.

For the year ended September 30, 2021, FAIR Girls, Inc. received in-kind contributions of material and other services for the Vida Home, that were not recorded on these financial statements as their fair value could not be determined.

**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. During the year ended September 30, 2021, FAIR Girls, Inc. made a principal payment of \$15,678 on the PPP loan. As of May 7, 2022, prior to applying for forgiveness, FAIR Girls, Inc. had paid off the loan in full. On May 11, 2022, FAIR Girls, Inc. received approval forgiving \$124,333 of the loan principal and interest from the Small Business Administration.

**NOTE I – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions for the years ended September 30, 2021 and 2020, were as follows:

	2021	2020
Human trafficking prevention education	\$ 12,000	\$ 10,000
Time restricted	166,667	291,667
Total	\$ 178,667	\$ 301,667

**NOTE J - SUBSEQUENT EVENTS**

In preparing these financial statements, FAIR Girls, Inc. has evaluated events and transactions for potential recognition or disclosure through July 15, 2022, the date the financial statements were available to be issued. Except for the loan forgiveness noted in Note H, there were no other events or transactions that were discovered during the evaluation that required further recognition or disclosure.