

FAIR GIRLS, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2023 AND 2022

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FAIR Girls, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FAIR Girls, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 FAIR Girls, Inc.'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 FAIR Girls, Inc.'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.

Independent Auditor's Report
FAIR Girls, Inc.
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Emphasis of Matter

As discussed in Note B to the financial statements, during the year ended September 30, 2023, FAIR Girls, Inc. adopted new accounting guidance, Accounting Standards Update ("ASU") 2016-02, Topic 842, *Leases*, as amended and the new accounting guidance. Our opinion is not modified with respect to this matter.



Washington, DC
February 12, 2024

FAIR GIRLS, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 196,162	\$ 461,984
Grants and contributions receivable	104,791	328,962
Prepaid expenses	16,651	10,190
Total Current Assets	<u>317,604</u>	<u>801,136</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	7,205	7,205
Accumulated depreciation	(6,987)	(5,791)
Property and Equipment, Net	<u>218</u>	<u>1,414</u>
OTHER ASSETS		
Operating lease right-of-use asset, net	36,656	-
Security deposits	4,500	4,500
Total Other Assets	<u>41,156</u>	<u>4,500</u>
TOTAL ASSETS	<u>\$ 358,978</u>	<u>\$ 807,050</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 25,237	\$ 12,577
Accrued expenses	29,875	40,858
Deferred revenue	127,335	127,335
Operating lease liability	37,130	-
Total Current Liabilities	<u>219,577</u>	<u>180,770</u>
NET ASSETS		
Without donor restrictions	139,401	584,613
With donor restrictions	-	41,667
Total Net Assets	<u>139,401</u>	<u>626,280</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 358,978</u>	<u>\$ 807,050</u>

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

FAIR GIRLS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 234,538	\$ -	\$ 234,538
Government grants	479,457	-	479,457
In-kind contributions	16,000	-	16,000
Interest income	10	-	10
Net assets released from restrictions	41,667	(41,667)	-
Total Revenue and Support	<u>771,672</u>	<u>(41,667)</u>	<u>730,005</u>
EXPENSES			
Program Services:			
Case management	157,512	-	157,512
Prevention education	25,429	-	25,429
Vida Home	402,387	-	402,387
Total Program Services	<u>585,328</u>	<u>-</u>	<u>585,328</u>
Support Services:			
General and administrative	530,762	-	530,762
Fundraising	100,794	-	100,794
Total Support Services	<u>631,556</u>	<u>-</u>	<u>631,556</u>
Total Expenses	<u>1,216,884</u>	<u>-</u>	<u>1,216,884</u>
CHANGE IN NET ASSETS	(445,212)	(41,667)	(486,879)
NET ASSETS , beginning of year	<u>584,613</u>	<u>41,667</u>	<u>626,280</u>
NET ASSETS , end of year	<u>\$ 139,401</u>	<u>\$ -</u>	<u>\$ 139,401</u>

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

FAIR GIRLS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 209,187	\$ -	\$ 209,187
Government grants	643,982	-	643,982
PPP loan forgiveness revenue	121,852	-	121,852
Miscellaneous revenue	3,166	-	3,166
Net assets released from restrictions	137,000	(137,000)	-
Total Revenue and Support	<u>1,115,187</u>	<u>(137,000)</u>	<u>978,187</u>
EXPENSES			
Program Services:			
Case management	331,596	-	331,596
Prevention education	100,817	-	100,817
Vida Home	377,977	-	377,977
Total Program Services	<u>810,390</u>	<u>-</u>	<u>810,390</u>
Support Services:			
General and administrative	448,958	-	448,958
Fundraising	101,645	-	101,645
Total Support Services	<u>550,603</u>	<u>-</u>	<u>550,603</u>
Total Expenses	<u>1,360,993</u>	<u>-</u>	<u>1,360,993</u>
CHANGE IN NET ASSETS	(245,806)	(137,000)	(382,806)
NET ASSETS, beginning of year	<u>830,419</u>	<u>178,667</u>	<u>1,009,086</u>
NET ASSETS, end of year	<u>\$ 584,613</u>	<u>\$ 41,667</u>	<u>\$ 626,280</u>

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

FAIR GIRLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

	Program Services				Support Services			Total Expenses
	Case Management	Prevention Education	Vida Home	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Personnel Costs:								
Salaries	\$ 61,470	\$ 20,384	\$ 203,532	\$ 285,386	\$ 222,426	\$ 75,549	\$ 297,975	\$ 583,361
Payroll taxes	5,651	1,541	17,979	25,171	19,520	6,678	26,198	51,369
Employee benefits	4,680	1,276	14,892	20,848	16,169	5,531	21,700	42,548
Subtotal Personnel Costs	<u>71,801</u>	<u>23,201</u>	<u>236,403</u>	<u>331,405</u>	<u>258,115</u>	<u>87,758</u>	<u>345,873</u>	<u>677,278</u>
Accounting	-	-	-	-	147,196	-	147,196	147,196
Bank charges	-	-	-	-	2,064	-	2,064	2,064
Client assistance	5,339	524	21,240	27,103	-	-	-	27,103
Conference and meeting	-	-	2,014	2,014	-	-	-	2,014
Consultants	-	-	87,996	87,996	78,775	-	78,775	166,771
Depreciation	132	36	419	587	454	155	609	1,196
Dues, subscriptions and license fee	847	231	2,694	3,772	2,925	1,001	3,926	7,698
Facilities, food and beverages	-	-	-	-	-	5,560	5,560	5,560
Insurance	2,095	571	6,667	9,333	7,240	2,476	9,716	19,049
Legal expenses	-	-	-	-	12,856	-	12,856	12,856
Office expenses	4,558	-	-	4,558	10,176	94	10,270	14,828
Postage and delivery	96	26	306	428	332	114	446	874
Printing and copying	282	77	898	1,257	975	334	1,309	2,566
Professional services (in-kind)	16,000	-	-	16,000	-	-	-	16,000
Rent	53,568	-	34,859	88,427	-	-	-	88,427
Repairs and maintenance	425	116	1,352	1,893	1,469	502	1,971	3,864
Telephone and internet	1,784	487	5,676	7,947	6,163	2,108	8,271	16,218
Travel	585	160	1,863	2,608	2,022	692	2,714	5,322
Total Expenses	<u>\$ 157,512</u>	<u>\$ 25,429</u>	<u>\$ 402,387</u>	<u>\$ 585,328</u>	<u>\$ 530,762</u>	<u>\$ 100,794</u>	<u>\$ 631,556</u>	<u>\$ 1,216,884</u>

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

FAIR GIRLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022

	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	\$ 219,013	\$ 79,092	\$ 180,154	\$ 478,259	\$ 163,337	\$ 80,444	\$ 243,781	\$ 722,040
Payroll taxes	18,916	6,936	15,763	41,615	14,502	6,936	21,438	63,053
Employee benefits	21,898	8,029	18,248	48,175	16,788	8,029	24,817	72,992
Subtotal Personnel Costs	259,827	94,057	214,165	568,049	194,627	95,409	290,036	858,085
Accounting	-	-	-	-	132,539	-	132,539	132,539
Bank charges	-	-	-	-	1,389	-	1,389	1,389
Client assistance	5,339	524	17,388	23,251	-	-	-	23,251
Consultants	-	-	97,394	97,394	82,327	-	82,327	179,721
Depreciation	432	159	360	951	331	159	490	1,441
Dues, subscriptions and license fee	2,391	877	1,993	5,261	1,832	877	2,709	7,970
Facilities, food and beverages	-	-	-	-	823	-	823	823
Insurance	3,041	1,115	2,534	6,690	2,331	1,115	3,446	10,136
Legal expenses	-	-	-	-	24,222	-	24,222	24,222
Office expenses	1,951	715	1,626	4,292	1,495	715	2,210	6,502
Postage and delivery	273	100	227	600	209	100	309	909
Printing and copying	605	222	504	1,331	463	222	685	2,016
Rent	49,426	-	34,859	84,285	-	-	-	84,285
Repairs and maintenance	2,560	939	2,134	5,633	1,962	939	2,901	8,534
Telephone and internet	5,155	1,890	4,296	11,341	3,952	1,890	5,842	17,183
Travel	596	219	497	1,312	456	219	675	1,987
Total Expenses	\$ 331,596	\$ 100,817	\$ 377,977	\$ 810,390	\$ 448,958	\$ 101,645	\$ 550,603	\$ 1,360,993

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

FAIR GIRLS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (486,879)	\$ (382,806)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Carrying value of operating lease, right-of-use asset	(82,030)	-
Amortization of right-of-use operating lease	45,374	-
Operating lease obligations	82,030	-
Depreciation	1,195	1,441
PPP loan forgiveness	-	(125,422)
Decrease (increase) in assets:		
Grants receivable	-	125,000
Grants and contributions receivable	224,171	(10,479)
Prepaid expenses	(6,461)	(6,749)
(Decrease) increase in liabilities:		
Accounts payable	12,660	(5,153)
Operating lease liability	(44,900)	
Accrued expenses	(10,983)	(3,659)
Deferred revenue	-	(29,022)
Net Cash (Used for) Provided by Operating Activities	(265,823)	(436,849)
NET CHANGE IN CASH	(265,823)	(436,849)
CASH, beginning of year	461,984	898,833
CASH, end of year	\$ 196,161	\$ 461,984

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

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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. During the current year, Fair Girls changed its state of incorporation from Massachusetts to the District of Columbia. 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 at the age of eighteen to twenty-six in the Washington, DC metropolitan area. Up to 50 survivors walk through Vida Home's doors each year.

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.

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

Adoption of New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases* (Topic 842), as amended. FASB Accounting Standards Codification (“ASC”) 842 supersedes the lease requirements in FASB ASC 840. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted FASB ASC Topic 842, with an initial application of October 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): *Targeted Improvements*. The Organization did not restate prior comparative periods as presented under ASC Topic 842, and instead evaluated whether a cumulative effect adjustment to net assets as of October 1, 2022, was necessary for the cumulative impact of the adoption of FASB ASC Topic 842. As of October 1, 2022, the Organization recognized (a) operating lease liabilities totaling \$82,030 and (b) operating lease, right-of-use asset totaling \$82,030.

As part of the transition, FAIR Girls, Inc. implemented new controls and key system functionality to enable the preparation of financial information at the time of the adoption of ASC Topic 842, and elected to apply the following practical expedients:

- a) No reassessment of whether any expired or existing contracts contain a lease.
- b) No reassessment of initial direct costs for any existing leases as of the effective date.
- c) In calculating the right-of-use assets and lease liability, FAIR Girls, Inc. has elected to combine lease and non-lease components.

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Adoption of New Accounting Pronouncement - continued

- d) As an accounting policy, FAIR Girls, Inc. has also elected to apply the short-term lease exception to all leases having initial terms of 12 months or less, and recognize occupancy expense on a straight-line basis over the lease term.
- e) As an accounting policy, FAIR Girls, Inc. has also elected to use a risk-free rate as the discount rate for all of its leases.

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.

Grants and Contributions Receivable

Grants and contribution receivables are stated at the amount management expects to collect from balances outstanding at year end. Amounts are expected to be collected within one year. 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.

Right-of-Use ("ROU") Asset

A right-of-use ("ROU") asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after the commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus any unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received). Operating lease ROU assets are recognized on a straight-line basis over the lease term.

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Operating Lease Liabilities

Fair Girls accounts for leases in accordance with FASB ASC Topic 842. Fair Girls is a lessee in a noncancellable operating lease for the use of office space. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use assets are amortized over the lease term. A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index or rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable. Since the interest rate of Fair Girls' operating lease was not implicit or readily determinable, Fair Girls elected to use the lease incremental borrowing rate of 8.5%, as of October 1, 2022.

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.

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 statements of financial position. The unearned portion of the conditional promises that has not been recognized as revenue as of September 30, 2023, totaled \$173,429, which are likely to be earned and recognized by the year ending September 30, 2024.

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition – continued

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. For the year ended September 30, 2023, FAIR Girls, Inc. received in-kind contributions for professional services totaling \$16,000.

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 any 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 were no unrecognized tax benefits or liabilities that needed 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 2020 through 2022, 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.

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

The following reflects FAIR Girls, Inc.’s financial assets as of September 30:

	2023	2022
Cash	\$ 196,162	\$ 461,984
Grants and contributions receivable	104,791	328,962
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 300,953	\$ 790,946

NOTE E – LEASE COMMITMENT

As disclosed in Note B, Fair Girls, Inc. adopted FASB ASC Topic 842, as of October 1, 2022. FAIR Girls, Inc. has an operating lease for its Drop-in Center used in its programs. Operating lease right-of-use asset and operating lease liability are included in non-current assets and current liabilities, respectively, on the statements of financial position.

In August 2020, FAIR Girls, Inc. entered into a lease agreement for its Drop-In-Center in Washington, DC, and occupied the space as of July 1, 2021. The lease term is scheduled to end on June 30, 2024, and has a monthly rent of \$4,129, which is subject to an incremental increase of three percent.

FAIR Girls, Inc. has another lease for the VIDA Home. The lease was renewed for one and a half years, effective March 2022 through September 2023, with a monthly rent of \$2,700. The current lease has certain provisions that will allow FAIR Girls, Inc. to terminate the lease if the confidentiality of the location becomes compromised and the safety of the clients is endangered. In such case, FAIR Girls, Inc. would be charged a penalty equal to one month’s rent.

Rent expense for the years ended September 30, 2023 and 2022, totaled \$88,427 and \$84,285, respectively.

NOTE F – IN-KIND CONTRIBUTIONS

In-kind contributions consist of professional services, which are utilized for Fair Girls, Inc.'s programs. For the years ended September 30, 2023 and 2022, Fair Girls, Inc. received donated professional services in the amount of \$16,000 and \$0, respectively. Such services are valued at the hourly rates of compensation for such personnel in the geographic area in which Fair Girls, Inc. conducts its programs. Unless otherwise noted, in-kind contributions did not have any donor-imposed restrictions, and were utilized for and allocated to case management on the statements of functional expenses.

FAIR GIRLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022
(continued)

NOTE G – PAYCHECK PROTECTION PROGRAM LOAN

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 Program (“PPP”) during the COVID-19 crisis. The loan amount would be forgiven as long as the loan proceeds were used to cover payroll costs, rent, certain mortgage interest, and utility costs over a period specified in the loan document after the loan was made. If not used for the intended purpose and if the SBA did not confirm forgiveness of the loan, FAIR Girls, Inc. would have been 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, 2022, 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 from the SBA that the loan principal and interest totaling \$121,852 was fully forgiven, and therefore, recognized as revenue on the statement of activities as of September 30, 2022.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2023 and 2022, were restricted for time, and totaled \$0 and \$41,667, respectively.

NOTE I - SUBSEQUENT EVENTS

In preparing these financial statements, FAIR Girls, Inc. has evaluated events and transactions for potential recognition or disclosure through February 12, 2024, the date the financial statements were available to be issued. There were no other events or transactions that were discovered during the evaluation that required further recognition or disclosure.