

# **The Global Fairness Initiative**

*For the Year Ended December 31, 2007*

*Financial Statements  
and  
Report of Independent Auditor*

**JOHN C. WALSH & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANT**

# FINANCIAL STATEMENTS

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Global Fairness Initiative  
Washington, D.C.

We have audited the accompanying statement of financial position of The Global Fairness Initiative (GFI) (a non-profit organization) as of December 31, 2007, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the GFI's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Global Fairness Initiative as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**John C. Walsh & Co., PC**

October 18, 2008

**The Global Fairness Initiative  
Statement of Financial Position  
December 31, 2007**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	<b>\$ 181,073</b>
Accounts and Contributions Receivable	<b><u>30,000</u></b>

<b>TOTAL ASSETS</b>	<b><u><u>\$ 211,073</u></u></b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accrued Expenses	<b><u>\$ 5,000</u></b>
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Total Current Liabilities	<b><u>\$ 5,000</u></b>
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**Net Assets**

Unrestricted Net Assets	<b>\$ 70,054</b>
Temporarily Restricted Net Assets	<b><u>136,019</u></b>

Total Net Assets	<b><u>\$ 206,073</u></b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 211,073</u></u></b>
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**The Global Fairness Initiative**  
**Statement of Activities**  
**For the Year Ended December 31, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 9,017	\$ 66,120	\$ 75,137
Grants and Contracts	228,999	220,000	448,999
Released from Temporarily Restricted	186,744	(186,744)	-
	<u>\$ 424,760</u>	<u>\$ 99,376</u>	<u>\$ 524,136</u>
<b>Expenses and Losses</b>			
Program Services:			
Women's Fair Trade Council	\$ 12,046	\$ -	\$ 12,046
CALREP Program	80,354	-	80,354
Synapse Program	104,732	-	104,732
General Programs	122,576	-	122,576
	<u>\$ 319,708</u>	<u>\$ -</u>	<u>\$ 319,708</u>
Total Program Services	\$ 319,708	\$ -	\$ 319,708
Administrative and General:			
Management and General	\$ 27,913	\$ -	\$ 27,913
Fundraising	25,263	-	25,263
	<u>\$ 372,884</u>	<u>\$ -</u>	<u>\$ 372,884</u>
Total Expenses	\$ 372,884	\$ -	\$ 372,884
Change in Net Assets	\$ 51,876	\$ 99,376	\$ 151,252
Net Assets, Beginning of Year	18,178	36,643	54,821
<b>Net Assets, End of Year</b>	<u>\$ 70,054</u>	<u>\$ 136,019</u>	<u>\$ 206,073</u>

**The Global Fairness Initiative  
Statement of Cash Flows  
For the Year Ended December 31, 2007**

**Cash Flows from Operating Activities:**

Change in Net Assets	\$ 151,252
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Grants and Contributions Receivable	<u>(30,000)</u>
<b>Net Increase in Cash</b>	<b>\$ 121,252</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b><u>59,821</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u><u>\$ 181,073</u></u></b>

**The Global Fairness Initiative**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2007**

	Women's Fair Trade Council	CALREP Program	Synapse Program	General Programs	Management and General	Fundraising	Total
Salaries and Benefits	\$ 11,509	\$ 9,477	\$ 51,412	\$ 118,696	\$ 12,253	\$ 6,258	\$ 219,082
Contract Services	-	60,000	26,000	-	2,090	15,000	103,090
Grant Awards	-	-	23,550	-	-	-	23,550
Telephone and Telecommunications	-	-	-	1,144	93	-	1,237
Website Development	-	-	-	573	-	-	573
Printing and Copying	-	-	-	-	-	3,425	3,425
Travel	537	10,877	3,414	794	-	160	15,782
Accounting and Professional Expenses	-	-	-	-	10,225	-	10,225
Office Supplies	-	-	-	-	321	-	321
Postage and Shipping	-	-	-	-	95	-	95
Dues and Subscriptions	-	-	-	336	24	-	360
Insurance Expense	-	-	-	-	2,812	-	2,812
Research	-	-	-	-	-	420	420
Other Expenses	-	-	356	1,033	-	-	1,389
Total Expenses	\$ 12,046	\$ 80,354	\$ 104,732	\$ 122,576	\$ 27,913	\$ 25,263	\$ 372,884

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

**The Global Fairness Initiative  
Notes to Financial Statements  
December 31, 2007**

**Note 1 - Summary of Significant Accounting Policies**

**Organization**

The Global Fairness Initiative (GFI) has a mission to promote change in existing trade and development models by supporting innovative initiatives that demonstrate the viability and widespread value of fair trade and investment standards. The current projects consist of: convene a coalition of European, North American and Azerbaijani civil society leaders to discuss the economic, social, and political implications of Azerbaijan's changing position in the global community; develop a growth strategy for Cambodia in the era of free trade to protect and expand Cambodia's textile exports; the synapse market fund designed to invest in pro-poor trading networks that link poor producers in developing countries to the global marketplace and the Central America Labor Rights Enhancement Project.

**Basis of Presentation**

The financial statements of GFI have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

**Revenue Recognition**

Grants and contributions receivable are recorded when pledged. All receivables are considered to be collectible in less than one year.

**Cash and Cash Equivalents**

Cash and Cash Equivalents consists of monies held in an interest checking account and insured money market accounts.

**Basis of Presentation - Net Assets**

The net assets of Global Fairness Initiative are classified as follows:

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met by actions of GFI and/or the passage of time.

*Unrestricted Net Assets* - Net assets that represent the portion of expendable funds that are available for the support of GFI's operations or that have been designated by the Board for a particular purpose.



**The Global Fairness Initiative**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Grants and Contributions**

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional grants and contributions are recorded as revenue when the grant is awarded or a contribution is pledged. Conditional grants and contributions are recognized as revenue when the conditions are substantially met. At December 31, 2007, there were \$5,000 of unconditional grants and contributions reported as a receivable on the statement of financial position and revenue in the statement of activities and these amounts were collected during the year 2007.

**Use of Accounting Estimated**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in its financial statements and notes. Actual results may differ from those estimates.

**Income Taxes**

GFI is a non-profit organization described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes and has been classified by the Internal Revenue Service as other than a private foundation.

**Cash and Cash Equivalents**

GFI considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

**The Global Fairness Initiative**  
**Notes to Financial Statements (Continued)**  
**December 31, 2007**

**Donated Services**

During the year ended 2007, GFI received donated accounting services totaling \$8,575. These amounts are reflected as contributions revenue and management and general expenses in the accompanying statement of activities.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

**Note 2 - Net Assets**

**Temporarily Restricted Net Assets**

As of December 31, 2007, temporarily restricted net assets are available for the following purposes, special projects or future periods:

CALREP Program	\$ 35,803
Synapse Program	85,682
Women's Fair Trade Council	<u>14,534</u>
Total	<u><u>\$ 136,019</u></u>