

**The Global Fairness Initiative**

*For the Years Ended December 31, 2009 and 2008*

*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, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years 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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*John C. Walsh & Co., PC*

September 2, 2010

**The Global Fairness Initiative  
Statement of Financial Position  
December 31, 2009 and 2008**

**ASSETS**

	<b>2009</b>	<b>2008</b>
<b><u>Current Assets:</u></b>		
Cash and Cash Equivalents	\$ 52,504	\$ 141,431
Accounts and Contributions Receivable	25,000	38,990
<b>TOTAL ASSETS</b>	<b>\$ 77,504</b>	<b>\$ 180,421</b>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities:</u></b>		
Accrued Expenses	\$ 7,695	\$ 3,198
Total Current Liabilities	\$ 7,695	\$ 3,198
<b><u>Net Assets</u></b>		
Unrestricted Net Assets	\$ 2,933	\$ 86,092
Temporarily Restricted Net Assets	66,876	91,131
Total Net Assets	\$ 69,809	\$ 177,223
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 77,504</b>	<b>\$ 180,421</b>

**The Global Fairness Initiative**  
**Statement of Activities**  
**For the Years Ended December 31, 2009 and 2008**

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>						
Contributions	\$ 30,475	\$ 7,000	\$ 37,475	\$ 71,394	\$ 20,860	\$ 92,254
Grants and Contracts	41,000	477,000	518,000	40,000	335,000	375,000
Released from Temporarily Restricted	508,255	(508,255)	-	400,748	(400,748)	-
Total Support and Revenue	\$ 579,730	\$ (24,255)	\$ 555,475	\$ 512,142	\$ (44,888)	\$ 467,254
<b>Expenses and Losses</b>						
Program Services:						
Women's Trade and Finance Council	\$ -	\$ -	\$ -	\$ 14,534	\$ -	\$ 14,534
CALREP Program	-	-	-	77,890	-	77,890
PILAR Program	470,275	-	470,275	116,383	-	116,383
Synapse Program	36,123	-	36,123	69,440	-	69,440
General Programs	107,384	-	107,384	218,326	-	218,326
Total Program Services	\$ 613,782	\$ -	\$ 613,782	\$ 496,573	\$ -	\$ 496,573
Administrative and General:						
Management and General	25,837	-	25,837	41,402	-	41,402
Fundraising	23,270	-	23,270	8,613	-	8,613
Total Expenses	\$ 662,889	\$ -	\$ 662,889	\$ 546,588	\$ -	\$ 546,588
Change in Net Assets	\$ (83,159)	\$ (24,255)	\$ (107,414)	\$ (34,446)	\$ (44,888)	\$ (79,334)
Net Assets, Beginning of Year	86,092	91,131	177,223	120,538	136,019	256,557
<b>Net Assets, End of Year</b>	<b>\$ 2,933</b>	<b>\$ 66,876</b>	<b>\$ 69,809</b>	<b>\$ 86,092</b>	<b>\$ 91,131</b>	<b>\$ 177,223</b>

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

**The Global Fairness Initiative  
Statement of Cash Flows  
For the Years Ended December 31, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ (107,414)	\$ (34,446)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in		
Grants and Contributions Receivable	13,990	5,000
Increase (Decrease) in		
Accrued Expenses	4,497	(5,000)
<b>Net Increase in Cash</b>	<b>\$ (88,927)</b>	<b>\$ (34,446)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>141,431</b>	<b>175,877</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 52,504</b>	<b>\$ 141,431</b>

**The Global Fairness Initiative**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2009**

	Management and					Total
	PILAR Program	Synapse Program	General Programs	General	Fundraising	
Salaries and Benefits	\$ 63,774	\$ 16,924	\$ 78,017	\$ 18,771	\$ 16,906	\$ 194,392
Contract Services	370,632	975	2,007	483	435	374,532
Telephone and Telecommunications	728	-	1,571	378	340	3,017
Printing and Copying	133	-	-	-	-	133
Travel	18,714	17,323	9,232	2,221	2,001	49,491
Accounting and Professional Expenses	-	-	9,916	2,386	2,149	14,451
Office Supplies	6,872	233	709	171	154	8,139
Postage and Shipping	-	-	2,766	666	599	4,031
Insurance Expense	-	-	1,988	478	431	2,897
Office Rent	8,418	-	-	-	-	8,418
Other Expenses	1,004	668	1,178	283	255	3,388
<b>Total Expenses</b>	<b>\$ 470,275</b>	<b>\$ 36,123</b>	<b>\$ 107,384</b>	<b>\$ 25,837</b>	<b>\$ 23,270</b>	<b>\$ 662,889</b>

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

**The Global Fairness Initiative**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2008**

	Women's				Management and			Total
	Trade and Finance Council	CALREP Program	PILAR Program	Synapse Programs	General Programs	General	Fundraising	
Salaries and Benefits	\$ 14,534	\$ -	\$ 14,321	\$ 68,178	\$ 148,595	\$ 19,133	\$ 8,188	\$ 272,949
Contract Services	-	50,000	85,067	-	33,000	-	-	168,067
Grant Awards	-	-	12,000	-	19,350	-	-	31,350
Telephone and Telecommunications	-	-	-	-	4,299	-	-	4,299
Website Development	-	-	-	-	495	-	-	495
Printing and Copying	-	-	-	-	3,371	-	-	3,371
Travel	-	27,755	4,739	-	8,155	190	-	40,839
Accounting and Professional Expenses	-	-	-	1,000	-	19,132	425	20,557
Office Supplies	-	135	256	262	940	933	-	2,526
Postage and Shipping	-	-	-	-	121	-	-	121
Other Expenses	-	-	-	-	-	2,014	-	2,014
<b>Total Expenses</b>	<b>\$ 14,534</b>	<b>\$ 77,890</b>	<b>\$ 116,383</b>	<b>\$ 69,440</b>	<b>\$ 218,326</b>	<b>\$ 41,402</b>	<b>\$ 8,613</b>	<b>\$ 546,588</b>

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



**The Global Fairness Initiative  
Notes to Financial Statements  
December 31, 2009 and 2008**

**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, 2009 and 2008**

**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.

**Use of Accounting Estimates**

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, 2009 and 2008**

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

**Donated Services**

During the years ended 2009 and 2008, GFI received donated accounting services totaling \$1,472 and \$11,043 respectively. 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, 2009 and 2008, temporarily restricted net assets are available for the following purposes, special projects or future periods:

	<u>2009</u>	<u>2008</u>
PILAR Program	\$ 27,499	\$ 15,631
Synapse Program	<u>39,377</u>	<u>75,500</u>
Total	<u>\$ 66,876</u>	<u>\$ 91,131</u>