

DRESSEMBER FOUNDATION

Financial Statements

Year Ended March 31, 2022

DRESSEMBER FOUNDATION

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Independent Auditor's Report

July 7, 2022

Board of Directors
Dresser Foundation
Los Angeles, CA

Opinion

We have audited the accompanying financial statements of Dresser Foundation (a nonprofit organization) which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 Dresser Foundation as of March 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Organization'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, including omissions, 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 the Organization'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 the Organization'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.



**DRESSEMBER FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022**

ASSETS

Cash	\$ 883,782
Contributions and accounts receivable	4,978
Prepays	37,461
Inventory	10,818
Property and equipment, net	<u>1,430</u>
Total Assets	\$ <u>938,469</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ <u>119,783</u>
Total liabilities	<u>119,783</u>
Net assets without donor restrictions:	
Undesignated	811,621
Board designated	<u>-</u>
Total net assets without donor restrictions	811,621
Net assets with donor restrictions	<u>7,065</u>
Total Net Assets	<u>818,686</u>
Total Liabilities and Net Assets	\$ <u>938,469</u>

See Accompanying Notes

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**DRESSEMBER FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	1,976,525	150,655	\$ 2,127,180
In-kind contributions	66,243		66,243
Sales	6,317		6,317
Earned income	69,997		69,997
Other income	10,791		10,791
Net assets released from restrictions	<u>143,590</u>	<u>(143,590)</u>	<u>-</u>
Total Revenues	<u>2,273,463</u>	<u>7,065</u>	<u>2,280,528</u>
Expenses			
Program	1,529,301		1,529,301
Support: general & administrative	193,099		193,099
Fundraising	<u>407,375</u>		<u>407,375</u>
Total Expenses	<u>2,129,775</u>	<u>-</u>	<u>2,129,775</u>
Change in Net Assets	143,688	7,065	150,753
Net Assets - March 31, 2021	<u>667,933</u>	<u>-</u>	<u>667,933</u>
Net Assets - March 31, 2022	<u>811,621</u>	<u>7,065</u>	<u>\$ 818,686</u>

See Accompanying Notes

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**DRESSEMBER FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022**

	<u>Program</u>	<u>Support: General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Cash awards & grants	\$ 1,400,661	\$ -	\$ -	\$ 1,400,661
Cost of goods sold	-	-	3,304	3,304
Contract services	6,486	61,528	170,461	238,475
Events	-	-	1,823	1,823
Operations	3,886	20,457	46,149	70,492
Payroll	116,851	99,198	126,831	342,880
Travel & meetings	1,313	4,469	2,902	8,684
Other	104	7,447	55,905	63,456
	<u>\$ 1,529,301</u>	<u>\$ 193,099</u>	<u>\$ 407,375</u>	<u>\$ 2,129,775</u>

See Accompanying Notes

**DRESSEMBER FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022**

Operating Activities

Change in net assets	\$ 150,753
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	987
Sources and (uses) of cash from changes in operating assets and liabilities:	
Contributions and accounts receivable	(2,320)
Prepays	11,298
Inventory	3,170
Deposits	1,740
Accounts payable and accrued expenses	<u>46,732</u>
Net Cash Provided by Operating Activities	<u>212,360</u>
Investing Activities	
Expenditures for property and equipment	<u>(1,405)</u>
Net Cash Used by Investing Activities	<u>(1,405)</u>
Net Change in Cash	210,955
Beginning Cash	<u>672,827</u>
Ending Cash	<u><u>\$ 883,782</u></u>

See Accompanying Notes

DRESSEMBER FOUNDATION

Notes to Financial Statements

March 31, 2022

1. Nature of the Organization

Dressember Foundation was incorporated in February 2014 in California as a not-for-profit public charity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Contributions made by the public are deductible for income tax purposes. However, the Organization is subject to federal income tax on any unrelated business taxable income.

Dressember Foundation's vision is a world without slavery where all people are free to live vibrant, autonomous lives, and the primary mission is to equip a community of people to advocate for the dignity of all people, leading to the protection and freedom of millions.

2. Summary of Significant Accounting Policies

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of the significant accounting policies followed is described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash on deposit. The carrying values of cash and cash equivalents approximate their fair values because of the short maturities of those financial instruments.

Donated Services

No amounts have been reflected in the financial statements for donated services. During the year ended March 31, 2022, approximately 3,600 individuals participated in the fundraising campaign and helped at fundraising events. However, these services do not meet the criteria for recognition in the financial statements, and so their value is not recorded.

Inventory

Inventory is valued at cost on a first-in, first-out basis and consists of promotional items and donated jewelry and apparel.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

DRESSEMBER FOUNDATION
Notes to Financial Statements
March 31, 2022

2. Summary of Significant Accounting Policies (continued)

Advertising

Advertising costs are expensed as incurred. Total advertising costs were \$15,116 for the year ending March 31, 2022.

Net Assets

The financial statements report amounts by classification of net assets as follows:

Net assets without donor restrictions are those currently available for purposes under the direction of the board, designated by the board and resources invested in property and equipment.

Net assets with donor restrictions are contributed with donor stipulations for specific operating purposes or programs.

Support, Revenue and Reclassifications

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Organization. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. Donated property to be used in operations (including securities, real property and equipment) is recorded at estimated fair value on the date of the gift. Donated apparel held for resale are recorded at 24% of estimated retail value.

The Organization receives gifts of cash and other assets as “support with donor restrictions” if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Expenses

All expenses are stated on the accrual basis and presented on both a program area basis and a functional basis. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include contract services and payroll, which are allocated on the basis of estimates of time and effort, as well as rent which is allocated using the same apportionment as payroll.

DRESSEMBER FOUNDATION
Notes to Financial Statements
March 31, 2022

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to ten years.

The Organization reviews the carrying value of its property and equipment for impairment whenever events or changes in circumstances indicate the net carrying value may not be recoverable.

Evaluation of Subsequent Events

Management has evaluated the impact of all subsequent events through July 7, 2022, which was the date the financial statements were available to be issued.

3. Liquidity and Availability

The following reflects the financial assets of Dressember Foundation as of March 31, 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, or restricted by donors either for long-term purposes or for use in a certain time period. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets:		
Cash and cash equivalents	\$	883,782
Contributions and accounts receivable		<u>4,978</u>
		888,760
Less restricted by donor for purpose		<u>(7,065)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>881,695</u></u>

DRESSEMBER FOUNDATION
Notes to Financial Statements
March 31, 2022

4. Property and Equipment

Property and equipment consist of the following:

Office equipment	\$ 6,576
Less accumulated depreciation	<u>(5,146)</u>
	<u>\$ 1,430</u>

Depreciation expense for the year ended March 31, 2022 was \$987.

5. Net Assets

At March 31, 2022 the net assets with donor restrictions related to scholarships.

6. Contingencies

The Organization's operations may be affected by the recent outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's donor population and contribution revenue, and a decline in value of assets held by the Organization. The future financial impact cannot be estimated at this time.