

**DRESSEMBER**

Financial Statements

Year Ended March 31, 2016

**DRESSEMBER**  
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**Independent Auditor's Report**

July 19, 2016

Board of Directors  
Dressember  
Los Angeles, CA

We have audited the accompanying financial statements of Dressember (a nonprofit organization), which comprise the statement of financial position as of March 31, 2016, and the related statements of activities and cash flows for the year 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 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 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 Organization'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 Organization'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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dressemer as of March 31, 2016, and the changes in its nets assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Romberger, Wilson + Beeson, Inc.*

**DRESSEMBER  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2016**

**ASSETS**

Cash	\$ 113,983
Prepays	5,735
Inventory	<u>1,018</u>
<b>Total Assets</b>	<b>\$ <u><u>120,736</u></u></b>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	\$ <u>11,391</u>
<b>Total liabilities</b>	<u>11,391</u>
<b>Unrestricted net assets</b>	<u>109,345</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u><u>120,736</u></u></b>

See Accompanying Notes

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**DRESSEMBER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Unrestricted</u>
<b>Revenues</b>	
Campaign contributions	\$ 922,130
Other contributions	20,417
Sales	2,357
Other income	848
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Total Revenues	945,752
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<b>Expenses</b>	
Cost of goods sold	1,029
Grants	783,747
Professional services	38,573
Operations	3,672
Travel	2,565
Other	31,745
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Total Expenses	861,331
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<b>Change in Net Assets</b>	84,421
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<b>Net Assets - March 31, 2015</b>	24,924
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<b>Net Assets - March 31, 2016</b>	\$ 109,345
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See Accompanying Notes

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**DRESSEMBER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2016**

**Operating Activities**

Change in net assets	\$ 84,421
Adjustments to reconcile change in net assets to net cash from operating activities:	
Sources and (uses) of cash from changes in operating assets and liabilities:	
Prepays	(5,000)
Inventory	(1,018)
Accounts payable and accrued expenses	<u>3,212</u>
<b>Net Cash Provided by Operating Activities and Net Change in Cash</b>	<u>81,615</u>
<b>Beginning Cash</b>	<u>32,368</u>
<b>Ending Cash</b>	<u><u>\$ 113,983</u></u>

See Accompanying Notes

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**DRESSEMBER**  
**Notes to Financial Statements**  
**March 31, 2016**

**1. Nature of the Organization**

DresseMBER 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.

DresseMBER's primary mission is to raise awareness and educate the public about the global issue of human trafficking and to raise money to provide grants to organizations that are actively working to combat trafficking both domestically and internationally.

**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, 2016, approximately 4,600 individuals participated in the fundraising campaign. Also, DresseMBER's Chief Executive Officer serves as the public spokeswoman and provides the marketing and communication for the organization on a volunteer basis. However, these services do not meet the criteria for recognition in the financial statements, and so their value is not recorded.

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.

Evaluation of Subsequent Events

Management has evaluated the impact of all subsequent events through July 19, 2016, which was the date the financial statements were available to be issued.



**DRESSEMBER**  
**Notes to Financial Statements**  
**March 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services. Furthermore, there are no joint costs that have been allocated among the program services, general and administrative and fundraising functions.

Inventory

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

Income Tax Status

The Organization files information returns with federal and state governments. The returns will be subject to income tax examinations for several years.

Net Assets

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

Unrestricted amounts are those currently available for use in the organization's operations and those resources invested in property and equipment.

Temporarily restricted amounts are those that are stipulated by donors for specific operating purposes. As of March 31, 2016, DresseMBER had no temporarily restricted net assets.

All contributions are considered available for unrestricted use unless specifically restricted by donor or subject to legal restrictions.

Contributions are recorded as temporarily restricted when they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization's policy is to record temporarily restricted contributions received and expended in the same accounting period as temporarily restricted contributions and net assets released from restrictions.

**DRESSEMBER**  
**Notes to Financial Statements**  
**March 31, 2016**

**2. Summary of Significant Accounting Policies (continued)**

Support, Revenue and Expenses

Contributions are recorded when cash or unconditional promises-to-give have been received.

Other revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Uncertain Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of March 31, 2016, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

**3. Functional Allocation of Expense**

The following is an allocation of the Organization's expenses by function for the year ended March 31, 2016:

Program	\$ 783,746
General and administrative	30,260
Fundraising	<u>47,325</u>
	<u>\$ 861,331</u>