



**End Modern Slavery Initiative  
Foundation  
(dba Global Fund to End Modern  
Slavery)**

**Financial Statements**

Years Ended December 31, 2018 and 2017

**End Modern Slavery Initiative Foundation  
(dba Global Fund to End Modern Slavery)**

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**Financial Statements**  
Years Ended December 31, 2018 and 2017

# End Modern Slavery Initiative Foundation (dba Global Fund to End Modern Slavery)

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## Independent Auditor's Report

To the Board of Directors  
**End Modern Slavery Initiative Foundation**  
**(dba Global Fund to End Modern Slavery)**  
Arlington, Virginia

We have audited the accompanying financial statements of **End Modern Slavery Initiative Foundation (dba Global Fund to End Modern Slavery)** (the "Fund" or "GFEMS"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 from 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 entity'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 entity'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 **End Modern Slavery Initiative Foundation (dba Global Fund to End Modern Slavery)** as of December 31, 2018 and 2017, 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.

*BDO USA, LLP*

McLean, Virginia  
September 30, 2019

## Financial Statements

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**End Modern Slavery Initiative Foundation  
(dba Global Fund to End Modern Slavery)**

**Statements of Financial Position**

<i>December 31,</i>	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 2,889,332	\$ 34,007
Grants receivable	880,399	16,915
Grantee advances	94,350	-
Security deposits	34,534	24,750
<b>Total assets</b>	<b>\$ 3,898,615</b>	<b>\$ 75,672</b>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 891,579	\$ 44,495
Accrued payroll liabilities	25,208	-
Deferred revenue	2,831,018	-
<b>Total liabilities</b>	<b>3,747,805</b>	<b>44,495</b>
<b>Net assets</b>		
Without donor restrictions	150,810	31,177
<b>Total liabilities and net assets</b>	<b>\$ 3,898,615</b>	<b>\$ 75,672</b>

*See accompanying notes to financial statements.*

**End Modern Slavery Initiative Foundation  
(dba Global Fund to End Modern Slavery)**

**Statements of Activities**

<i>Years ended December 31,</i>	2018	2017
<b>Revenue and support</b>		
Grants and contracts	\$ 3,314,651	\$ 363,198
In-kind contributions	229,740	151,631
Contributions	12,000	48,106
<b>Total revenue and support</b>	<b>3,556,391</b>	<b>562,935</b>
<b>Expenses</b>		
Program services	3,307,143	475,206
<b>Supporting Services</b>		
Management and general	120,240	29,229
Fundraising	9,375	27,323
<b>Total supporting Services</b>	<b>129,615</b>	<b>56,552</b>
<b>Total expenses</b>	<b>3,436,758</b>	<b>531,758</b>
<b>Change in net assets</b>	<b>119,633</b>	<b>31,177</b>
<b>Net assets without donor restrictions, beginning of year</b>	<b>31,177</b>	<b>-</b>
<b>Net assets without donor restrictions, end of year</b>	<b>\$ 150,810</b>	<b>\$ 31,177</b>

*See accompanying notes to financial statements.*



**End Modern Slavery Initiative Foundation  
(dba Global Fund to End Modern Slavery)**

**Statement of Functional Expenses**

<i>Year ended December 31, 2018</i>	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Salaries	\$ 641,036	\$ -	\$ 1,191	\$ 1,191	\$ 642,227
Employee benefits	102,607	-	204	204	102,811
Travel expenses	360,076	417	105	522	360,598
Consultant and contractors	1,560,170	-	7,875	7,875	1,568,045
Legal fees	2,146	1,572	-	1,572	3,718
Subawards	566,142	-	-	-	566,142
Conferences and meetings	982	321	-	321	1,303
Other program direct costs	4,550	-	-	-	4,550
Training	4,696	-	-	-	4,696
Accounting fees	3,165	-	-	-	3,165
Bank charges	6,370	-	-	-	6,370
Business insurance	-	7,551	-	7,551	7,551
Computer Supplies	12,548	1,085	-	1,085	13,633
Office expenses	1,630	6,894	-	6,894	8,524
Payroll processing	27,755	250	-	250	28,005
Professional fees	11,788	-	-	-	11,788
Rent	-	100,826	-	100,826	100,826
Software systems	1,183	-	-	-	1,183
Staff development	-	441	-	441	441
Stationery and printing	70	883	-	883	953
Telephone and mobiles	229	-	-	-	229
<b>Total expenses</b>	<b>\$ 3,307,143</b>	<b>\$ 120,240</b>	<b>\$ 9,375</b>	<b>\$ 129,615</b>	<b>\$ 3,436,758</b>

*See accompanying notes to financial statements.*

**End Modern Slavery Initiative Foundation  
(dba Global Fund to End Modern Slavery)**

**Statement of Functional Expenses**

<i>Year ended December 31, 2017</i>	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 74,463	\$ -	\$ 18,063	\$ 18,063	\$ 92,526
Employee benefits	9,591	-	1,961	1,961	11,552
Travel expenses	147,350	-	7,299	7,299	154,649
Consultant and contractors	237,612	-	-	-	237,612
Legal fees	-	2,859	-	2,859	2,859
Subawards	-	-	-	-	-
Conferences and meetings	-	-	-	-	-
Other program direct costs	-	-	-	-	-
Training	-	-	-	-	-
Accounting fees	-	-	-	-	-
Bank charges	-	1,817	-	1,817	1,817
Business insurance	-	3,827	-	3,827	3,827
Computer Supplies	4,217	7,237	-	7,237	11,454
Office expenses	224	1,142	-	1,142	1,366
Payroll processing	-	1,097	-	1,097	1,097
Professional fees	1,680	-	-	-	1,680
Rent	-	11,250	-	11,250	11,250
Software systems	-	-	-	-	-
Staff development	-	-	-	-	-
Stationery and printing	69	-	-	-	69
Telephone and mobiles	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 475,206</b>	<b>\$ 29,229</b>	<b>\$ 27,323</b>	<b>\$ 56,552</b>	<b>\$ 531,758</b>

*See accompanying notes to financial statements.*

**End Modern Slavery Initiative Foundation  
(dba Global Fund to End Modern Slavery)**

**Statements of Cash Flows**

<i>Years ended December 31,</i>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 119,633	\$ 31,177
<b>Adjustments to reconcile change in net assets to net cash used in operating activities:</b>		
<b>(Increase) decrease in assets</b>		
Grants receivable	(863,484)	(16,915)
Grantee advances	(94,350)	-
Security deposits	(9,784)	(24,750)
<b>Increase (decrease) in liabilities</b>		
Accounts payable and accrued expenses	847,084	44,495
Accrued payroll liabilities	25,208	-
Deferred revenue	2,831,018	-
<b>Net cash provided by operating activities</b>	<b>2,855,325</b>	<b>34,007</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,855,325</b>	<b>34,007</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>34,007</b>	<b>-</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,889,332</b>	<b>\$ 34,007</b>

*See accompanying notes to financial statements.*

# End Modern Slavery Initiative Foundation (dba Global Fund to End Modern Slavery)

## Notes to Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies

#### *Organization*

Global Fund to End Modern Slavery (“the Fund” or “GFEMS”) is a 501(c)(3) organization established in 2015 as a bold international fund, forging public-private partnerships and catalyzing a coherent global strategy to end modern slavery. Our mission is to end modern slavery by making it economically unprofitable. The Fund makes grants across sectors and geographies with a focus on three core funding themes: rule of law, business engagement, and sustaining freedom. The Fund’s strategy also includes the development of public-private investments across key industries and innovative approaches to evaluating what works in reducing the prevalence of modern slavery.

The Fund's current financial support is derived through funding agreements with various governmental agencies including the United States Department of State Office to Monitor and Combat Trafficking in Persons, the United Kingdom's Department for International Development and the Norwegian Agency for Development Cooperation. Additional support is received from individuals, corporations, and foundations. The Fund uses these funds to expand the scope and impact of its international programs to end modern slavery.

The legal name of the organization is End Modern Slavery Initiative Foundation; however, the organization conducts its business as Global Fund to End Modern Slavery.

#### *Basis of accounting*

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### *Use of estimates*

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### *Functional allocation of expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. In-kind expenses have been allocated, based on estimates of time and effort and certain other factors. Salaries and related employee benefits are allocated based on hours spent by each employee. The percentage derived from payroll costs is used to allocate general and administrative costs to activities benefited. General and administrative costs are those expenses that cannot be tied directly to an activity including some expenses in the natural expense categories of travel, consultant and contractors, office expenses, rent and other.

# End Modern Slavery Initiative Foundation (dba Global Fund to End Modern Slavery)

## Notes to Financial Statements

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### *Cash equivalents*

The Fund considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. The Fund maintains cash balances which may exceed federally insured limits. The Fund does not believe that this results in any significant credit risk.

### *Grants receivable*

Grants receivable are comprised of amounts unbilled on grants and result from revenue being recognized as expenses are incurred. Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management's estimate is based on experience with the grantors and donors and collections. Management has determined that amounts recorded as receivables are fully collectible as December 31, 2018 and 2017, and accordingly, there was no provision for doubtful accounts provided at such dates. Grants and accounts receivable are written off if reasonable collection efforts prove unsuccessful. All grants receivable are due in one year.

### *Grant advances and deferred revenue*

Grant advances and deferred revenue represent receipts received from federal grantors and foreign governments in advance of the revenue being earned.

### *Revenue and support*

The Fund recognizes revenue from U.S Government grants and cooperative agreements, and grants from foreign governments as exchange transactions and recognizes the income related to these transactions as expenses are incurred related to the grant projects. Revenue received in advance and not yet earned is deferred to the applicable period and recorded as advances received for grants and contracts in the accompanying statements of financial position. During the years ended December 31, 2018 and 2017, the Fund recorded revenue from the federal government under grants and contracts of which comprises 80% and 65%, respectively, of total revenue and support.

Grants and contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Restricted support that is received and expended in the same period is classified as revenue without donor restrictions in the accompanying statements of activities and changes in net assets.

### *Net assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

# End Modern Slavery Initiative Foundation (dba Global Fund to End Modern Slavery)

## Notes to Financial Statements

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**Net assets with donor restrictions:** Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Fund had no net assets with donor restrictions during the years ended December 31, 2018 and 2017.

### *In-kind contributions*

In-kind Contributions are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in the related functional expense category. The Fund received approximately \$230,000 and \$152,000 for December 31, 2018 and 2017, respectively in donated materials and services.

### *Concentration of credit risk*

Financial instruments which potentially subject the Fund to concentrations of credit risk consist principally of cash held at creditworthy financial institutions. At times the Fund's operating cash accounts exceed the federally insured limit. Amounts on deposit in excess of federally insured limits at December 31, 2018 approximated \$2.6 million. The Fund has never experienced any losses related to these balances. Grants receivable consist primarily of amounts due from foreign and domestic government agencies. For the years ended December 31, 2018 and 2017, 55% and 100%, respectively, of total grants receivable is due from one funder.

### *Income taxes*

The Fund is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Fund qualifies for charitable contributions deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. There was no tax liability for unrelated business income for the years ended December 31, 2018 and 2017.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position taken would be sustained in a tax examination, presuming that a tax examination will occur. Management has evaluated the Fund's tax positions and has concluded that the Fund has taken no uncertain tax positions. During the year ended December 31, 2018, the Fund recognizes interest and/or penalties related to uncertain tax positions, if any, in the income tax expense in the accompanying statements of activities and change in net assets. No interest and/or penalties were recorded for the years ended December 31, 2018 and 2017 related to uncertain tax positions. There are currently no open tax periods as the Fund was established in 2015 but did not commence operations until 2017.

# End Modern Slavery Initiative Foundation (dba Global Fund to End Modern Slavery)

## Notes to Financial Statements

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### *Accounting pronouncement adopted*

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, provides information about liquidity and availability of resources and improves the type of information provided about expenses and investment return. During the year ended December 31, 2018 the Fund has adopted the ASU retrospectively and adjusted the presentation of these financial statements accordingly. The adoption of this new standard impacted the presentation of the net assets classes and expanded the footnote disclosure as required. The total net assets and change in net assets were not impacted.

### *Accounting pronouncements to be adopted*

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This update, along with ASU 2016-08, *Revenue from Contracts with Customers* (Topic 606): *Principal versus Agent Considerations* (Reporting Revenue Gross versus Net), ASU 2016-10, *Revenue from Contracts with Customers* (Topic 606): *Identifying Performance Obligations and Licensing* and ASU 2016-12, *Revenue from Contracts with Customers* (Topic 606): *Narrow-Scope Improvements and Practical Expedients*, establishes a comprehensive revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Fund's fiscal year 2019. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of these ASUs on their financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments* (Topic 230), which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are intended to reduce diversity in practice. This ASU contains additional guidance clarifying when an entity should separate cash receipts and cash payments and classify them into more than one class of cash flows (including when reasonable judgment is required to estimate and allocate cash flows) versus when an entity should classify the aggregate amount into one class of cash flows on the basis of predominance. The ASU is effective for the Fund's fiscal year 2019. Management is currently evaluating the impact of this ASU on their financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash* (Topic 230), to address the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU requires that a statement of cash flows explain the change in the total cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. Thus, amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for the Fund's fiscal year 2020. Early adoption is permitted and should be applied on a retrospective transition basis to each period presented. Management is currently evaluating the impact of this ASU on their financial statements.

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In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) - *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The ASU also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on their financial statements.

### 2. Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date consist of the following:

<i>December 31,</i>	2018	2017
Financial assets, at year-end		
Cash and cash equivalents	\$ 2,889,332	\$ 34,007
Grants receivable	880,339	16,915
Grantee advances	94,350	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,864,021	\$ 50,922

The Fund is funded by a combination of grants and cooperative agreements from governments around the world. The Fund must maintain sufficient resources to meet the responsibilities of its grantors. As part of the Fund's liquidity management, it has a policy to structure its financial assets to be available when its general expenditures, liabilities and other obligations are due.

### 3. Retirement Plan

The Fund has a defined contribution 401(k) plan covering eligible employees. The Fund offers employees the opportunity to contribute to the 401(k) plan on the effective date of hire. The Fund matched 100% of the first 3% deferred by the participant. The employer matching contribution is vested immediately. Contributions to the Plan totaled \$9,464 and \$0 for the years ended December 31, 2018 and 2017, respectively.

### 4. Subsequent Events

The Fund evaluated subsequent events through September 30, 2019, which is the date the financial statements were available to be issued. There were no events identified that required adjustment to or disclosure in these financial statements.