Report of Independent Auditors and
Consolidated Financial Statements

Fair Trade USA and Good World Solutions

December 31, 2023 and 2022

MOSSADAMS

Table of Contents

Report of Independent Auditors

The Board of Directors
Fair Trade USA and Good World Solutions

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Fair Trade USA and Good World Solutions, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Fair Trade USA and Good World Solutions as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Fair Trade USA and Good World Solutions and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fair Trade USA and Good World Solutions' ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Fair Trade USA and Good World Solutions' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fair Trade USA and Good World Solutions' 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.

Moss Adams LLP

San Francisco, California
June 28, 2024

Consolidated Financial Statements

Fair Trade USA and Good World Solutions
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,301,711	$ 10,919,548
Service fees receivable, net	5,402,646	5,328,097
Grants receivable	249,891	541,414
Prepaid expenses	631,557	444,865
Short-term investments	3,572,911	-
Other assets	4,378	348,038
Total current assets	14,163,094	17,581,962
NONCURRENT ASSETS		
Property and equipment, net	119,062	215,643
Total assets	$ 14,282,156	$ 17,797,605
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 274,001	$ 298,717
Accrued liabilities	1,818,357	2,184,503
Contract liabilities	242,260	76,260
Notes payable, current portion	-	360,555
Total current liabilities	2,334,618	2,920,035
LONG-TERM LIABILITIES		
Notes payable, net of current portion	-	715,931
Total long-term liabilities	-	715,931
Total liabilities	2,334,618	3,635,966
NET ASSETS		
Without donor restrictions	10,978,117	12,196,257
With donor restrictions	969,421	1,965,382
Total net assets	11,947,538	14,161,639
Total liabilities and net assets	$ 14,282,156	$ 17,797,605

See accompanying notes.

Fair Trade USA and Good World Solutions
Consolidated Statements of Activities and Changes in Net Assets
Year Ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Service fees	$ 19,376,487	$ -	$ 19,376,487
Grants and contributions	382,530	110,000	492,530
Contributions of nonfinancial assets	333,072	-	333,072
Other revenue	180,403	-	180,403
Net assets released from restriction	1,105,961	(1,105,961)	-
Total revenue and support	21,378,453	(995,961)	20,382,492
OPERATING EXPENSES			
Program services	17,597,292	-	17,597,292
Supporting services			
Management and general	3,482,326	-	3,482,326
Fundraising	1,516,975	-	1,516,975
Total supporting services	4,999,301	-	4,999,301
Total operating expenses	22,596,593	-	22,596,593
CHANGE IN NET ASSETS	(1,218,140)	(995,961)	(2,214,101)
NET ASSETS, beginning of year	12,196,257	1,965,382	14,161,639
NET ASSETS, end of year	$ 10,978,117	$ 969,421	$ 11,947,538

See accompanying notes.

Fair Trade USA and Good World Solutions
Consolidated Statements of Activities and Changes in Net Assets (Continued)
Year Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Service fees	$ 22,280,407	$ -	$ 22,280,407
Grants and contributions	479,016	2,370,142	2,849,158
Contributions of nonfinancial assets	374,307	-	374,307
Net assets released from restriction	2,126,898	(2,126,898)	-
Total revenue and support	25,260,628	243,244	25,503,872
OPERATING EXPENSES			
Program services	18,990,544	-	18,990,544
Supporting services			
Management and general	3,588,153	-	3,588,153
Fundraising	1,650,500	-	1,650,500
Total supporting services	5,238,653	-	5,238,653
Total operating expenses	24,229,197	-	24,229,197
CHANGE IN NET ASSETS	1,031,431	243,244	1,274,675
NET ASSETS, beginning of year	11,164,826	1,722,138	12,886,964
NET ASSETS, end of year	$ 12,196,257	$ 1,965,382	$ 14,161,639

See accompanying notes.

Fair Trade USA and Good World Solutions
Consolidated Statements of Functional Expenses
Years Ended December 31, 2023 and 2022

	2023			
	Program	Management and General	Fundraising	Total Expenses
OPERATING EXPENSES				
Personnel	$ 11,542,442	$ 2,772,905	$ 1,089,591	$ 15,404,938
Professional fees	4,203,757	429,858	281,947	4,915,562
Computer, telecom, and equipment	1,076,924	199,268	89,218	1,365,410
Travel	221,087	29,745	25,602	276,434
Other	188,102	31,328	9,688	229,118
Conferences, conventions, and trade shows	168,637	285	8,096	177,018
Promotional activities and materials	99,578	-	5,113	104,691
Depreciation and amortization	81,457	16,104	7,009	104,570
Loan interest	8,258	1,633	711	10,602
Third party	7,050	1,200	-	8,250
	$ 17,597,292	$ 3,482,326	$ 1,516,975	$ 22,596,593

	2022			
	Program	Management and General	Fundraising	Total Expenses
OPERATING EXPENSES				
Personnel	$ 11,997,755	$ 2,590,256	$ 1,044,532	$ 15,632,543
Professional fees	4,524,487	601,198	328,867	5,454,552
Computer, telecom, and equipment	979,429	217,175	97,088	1,293,692
Travel	431,544	62,435	21,801	515,780
Other	264,970	38,161	102,673	405,804
Facility	244,631	42,631	16,571	303,833
Conferences, conventions, and trade shows	209,783	6,493	13,424	229,700
Promotional activities and materials	193,307	3,877	12,065	209,249
Depreciation and amortization	96,464	18,226	8,384	123,074
Loan interest	25,180	4,758	2,188	32,126
Third party	22,994	2,943	2,907	28,844
	$ 18,990,544	$ 3,588,153	$ 1,650,500	$ 24,229,197

See accompanying notes.

Fair Trade USA and Good World Solutions
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (2,214,101)	$ 1,274,675
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	104,570	123,074
Changes in operating assets and liabilities:		
Service fees receivable	(74,549)	246,928
Grants receivable	291,523	(307,414)
Prepaid expenses	(186,692)	(40,423)
Other assets	303,882	30,813
Accounts payable	(24,716)	(2,423,994)
Accrued liabilities	(366,146)	531,662
Contract liabilities	166,000	(306,134)
Net cash used in operating activities	(2,000,229)	(870,813)
CASH FLOWS FROM INVESTING ACTIVITES		
Purchases of property and equipment	(7,989)	(179,744)
Purchases of short-term investments	(3,533,133)	-
Net cash used in investing activity	(3,541,122)	(179,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(1,076,486)	(351,540)
Net cash used in financing activities	(1,076,486)	(351,540)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(6,617,837)	(1,402,097)
CASH AND CASH EQUIVALENTS, beginning of year	10,919,548	12,321,645
CASH AND CASH EQUIVALENTS, end of year	$ 4,301,711	$ 10,919,548
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for interest	$ 10,602	$ 32,126

See accompanying notes.

Note 1 – Nature of Operations

On October 1, 2010, Transfair USA began doing business as Fair Trade USA. Fair Trade USA was incorporated in Minnesota in April 1996 as a nonprofit public benefit organization. During 2011, Fair Trade USA became the sole member of Good World Solutions, Inc. (GWS), a California nonprofit public benefit organization. Fair Trade USA's and Good World Solutions' (collectively, the Organization) principal place of business is in Oakland, California.

The Organization enables sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, fisherman, consumers, industry, and the earth. The Organization achieves its mission by certifying and promoting fair trade products.

In addition to promoting successful empowering relationships between farmers and businesses, the Organization educates American consumers about Fair Trade and economic development. The Organization also verifies that farmers, workers, and fisherman who produce Fair Trade Certified™ (FTC) products are paid a fair price for their products, receive a social premium, and adhere to the Fair Trade environmental, labor, and governance standards. The Organization communicates on a regular basis with farmers, workers, and fisherman in developing countries and provides support for producers entering the system and those working to stay in the system. The Organization has service agreements with more than 1,100 participating companies (manufacturers, retailers, and importers) in the United States and around the world to offer FTC products that have met the Fair Trade criteria, providing these companies permission to use the FTC label on product packaging.

Ultimately, the Organization envisions a day when Fair Trade products are readily available in mainstream stores across the country, when United States consumers can opt for a "Fair Trade Lifestyle" and shop responsibly in every product category. FTC products under the Organization's service agreements include coffee, tea, sugar, cocoa, coconut, fresh fruit, seafood, flowers, apparel, home goods, and consumer packaged goods in which Fair Trade ingredients are used.

The Organization's major sources of revenue are service fees, foundation and corporate grants, and contributions. The Organization holds exclusive rights to engage in service agreements to allow for the use of the "Fair Trade Certified™" trademark in the United States of America and select foreign countries. Service fees are received from participating companies (roasters for coffee, and importers and retailers for other products) and are based on the amount of Fair Trade products either purchased and/or sold per the service agreements.

Foundation and corporate grants fund the expansion of existing services and tools into new regions and industries, as well as to pilot new technological innovations to further the Organization's mission to bring the voice of the worker into improving worker well-being.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The accompanying consolidated 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). Net assets and revenue and support 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 – Represents resources available to support the Organization's operations without donor restrictions and donor restricted resources that have become available for use by the Organization in accordance with the intention of the donor.

Net assets with donor restrictions – Represents contributions that are limited in use by the Organization in accordance with donor-imposed stipulations. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Basis of consolidation – The accompanying consolidated financial statements present the consolidated financial position and changes in net assets and cash flows of the Organization. All material intercompany accounts and transactions have been eliminated in consolidation.

Cash and cash equivalents – The Organization places its cash and cash equivalents with high quality credit institutions. Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and present insignificant risk of changes in value because of changes in interest rates. The Organization maintains its cash in bank deposit accounts which, at times, some may be in excess of federally insured limits. Management believes the Organization is not exposed to any significant risks on cash accounts.

Service fees receivable, net – Service fees are generally billed quarterly or semi-annually based on either purchases and/or sales of FTC products reported by licensees. The Organization recognizes revenues and a corresponding receivable after considering implicit and explicit price concessions. Service fees receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Organization separates service fees receivable into risk pools based on their aging. In determining the amount of the allowance as of the statement of financial position date, the Organization develops a loss rate for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Uncollectible service fee receivables are written off when all collection efforts have been exhausted. The allowance for credit losses as of December 31, 2023 and 2022 was $29,114 and $27,053, respectively.

Short-term investments – Short-term investments are stated at fair value and consist of certificates of deposit held with an original maturity greater than three months. Interest income is included in other revenue on the consolidated statements of activities and changes in net assets.

Fair value measurements – The Organization carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 – Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 – Observable inputs other than quoted market prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability that are not corroborated by market data.

Property and equipment, net – Property and equipment, if purchased, are recorded at cost or, if donated, at the estimated fair value at the time of receipt. Software development costs (internal and external) incurred during the application development stage for new software and software enhancements are capitalized and depreciated, if the software's expected economic useful life is greater than one year. Property and equipment are depreciated over the estimated useful lives of three to eight years on the straight-line basis. Leasehold improvements are amortized using the straight-line method over the lesser of the useful lives of the assets or the term of the respective lease. The Organization capitalizes all expenditures for property and equipment with a cost basis of greater than $2,000 and which have a useful life in excess of one year.

The Organization periodically evaluates the carrying value of its long-lived assets for impairment. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment was recognized for the years ended December 31, 2023 and 2022.

Revenue recognition – The Organization records service fee revenue in the period in which participating companies either purchase and/or sell FTC products, as defined in the applicable service agreement, which is when the performance obligation is met. Consideration is based on the applicable service agreement. Service fee revenue is shown net of implicit and explicit price concessions provided to participating companies.

Service fee revenue was from the following product lines as of December 31:

	2023	2022
Coffee	$ 8,137,784	$ 9,079,898
Consumer packaged goods	4,402,673	4,608,312
Apparel and home goods	3,198,925	3,968,156
Produce and flowers	3,179,905	3,872,237
Seafood	457,200	751,804
	$ 19,376,487	$ 22,280,407

The Organization recognizes grant and donor contributions upon the earlier of receipt or when an agreement has been executed. Contributions received without donor-imposed restrictions are reported as increases in support without donor restrictions. Contributions received with donor-imposed restrictions that are received and spent in the same year are reported as an increase in support without donor restrictions. Contributions received with donor-imposed restrictions that are not satisfied in the same year as received are reported as increases in support with donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met and barriers to entitlement have been overcome.

The Organization recognizes contributed nonfinancial assets for contributed goods and services if they create or enhance nonfinancial assets or require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Contributed goods and services are recorded as contributions at their estimated fair value based on wholesale values that would be received for selling similar goods and current rates for similar services on the date of receipt. Such contributions are reported as support without donor restrictions unless the donor has restricted the use of the asset for a specific purpose and the asset is therefore reported as an increase in support with donor restrictions. During the years ended December 31, 2023 and 2022, the Organization received contributed professional services valued at $215,025 and $238,850, respectively, which was used for management and general, program services, and fundraising activities, and software licenses at $118,047 and $135,457, respectively, which was used for management and general, program services, and fundraising activities. Programs services consist of business development, supply chain, certification, standards, impact, communication, and technology. All professional services, software licenses, and advertising were utilized during the respective years within the Organization.

Contract liabilities – Service revenue and other support where cash was received, but not yet earned, are recorded as contract liabilities. The amount of contract liabilities of $242,260 and $76,260 as of December 31, 2023 and 2022, respectively, represented unearned service fees and unearned consulting and contractor fees. Contract liabilities are recognized as revenue when services are performed by the Organization as stipulated in the applicable service agreements.

Functional expenses – The costs of providing the program services and supporting services activities of the Organization are shown in the consolidated statements of functional expenses. Expenses that can be directly identified with a specific function are allocated directly to that function. Expenses that cannot be directly identified with a specific function are allocated among the program services and the supporting services activities benefited based upon employee time and effort recorded on functions related to the specific activity, or in the case of shared expenses, using an allocation based on personnel costs, space usage, or other relevant bases.

Income tax status – Fair Trade USA and GWS are qualified organizations exempt from federal, Minnesota, and California income taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code, Chapter 317A of the Minnesota Statutes, and 23701d of the California Revenue and Taxation Code. Accordingly, no provision for federal, Minnesota, or California income tax is reflected in the accompanying consolidated financial statements.

The Organization recognizes the effects of its income tax positions only if those positions are more likely than not of being sustained. The Organization has evaluated its tax positions and has concluded as of December 31, 2023 and 2022, that the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Use of estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New accounting pronouncements – In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments–*Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU requires organizations to use a forward-looking approach based on current expected credit losses to estimate credit losses on certain types of financial instruments, including trade receivables. This may result in the earlier recognition of allowances for losses. The Organization adopted this standard on January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

Note 3 – Grants Receivable

Total grants receivable consisted of the following at December 31:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
General support	$ 107,804	$ 142,087	$ 249,891
	$ 107,804	$ 142,087	$ 249,891

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
General support	$ 40,019	$ 501,395	$ 541,414
	$ 40,019	$ 501,395	$ 541,414

Grants receivable that are expected to be collected in subsequent years are typically discounted using a risk adjusted market interest rate applicable to the years in which the grants are expected to be received or when the promise is made. At December 31, 2023 and 2022, management had not adjusted grants receivable using the applicable interest rate as they have deemed any adjustment to be insignificant to the consolidated financial statements. All receivables are considered fully recoverable for the years ended

December 31, 2023 and 2022. At December 31, 2023 and 2022, all grants receivable is considered receivable in less than on year.

Note 4 – Fair Value Measurements

The levels in the Accounting Standards Codification 820, *Fair Value Measurement*, fair value hierarchy into which the Organization's investments fall as of December 31, 2023 and 2022 were as follows:

	2023	2022
Certificates of deposit - Level 2	$ 3,572,911	$ -
	$ 3,572,911	$ -

Investments are exposed to various risks such as interest rate, market, liquidity, and credit risks.

While the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such investments existed, or had such investments been liquidated, and these differences could be material to the financial statements.

Note 5 – Property and Equipment, Net

Property and equipment, net consisted of the following at December 31:

	2023	2022
Machinery and equipment	$ 1,098,969	$ 1,090,980
Website development	304,083	304,083
Furniture and fixtures	168,590	168,590
Leasehold improvements	68,930	68,930
	1,640,572	1,632,583
Less: accumulated depreciation and amortization	(1,521,510)	(1,416,940)
	$ 119,062	$ 215,643

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 was $104,570 and $123,074, respectively.

Note 6 – Notes Payable

In November 2020, the Organization entered into a secured collateralized loan agreement with First Republic Bank (FRB) in the amount of $1,800,000, which was due in November 2025. The loan bore interest at a rate of 2.50%. Monthly principal and interest payments were payable in the amount of $31,972, which began in December 2020. In May 2023, the Organization paid off the secured collateralized loan with FRB.

In November 2023, the Organization renewed its secured line of credit agreement with FRB in the amount of $1,000,000. The line of credit bears interest at a rate of 8.50% and matures in November 2024. As of December 31, 2023, no amounts are outstanding for this line of credit.

Notes payable are detailed as follows at December 31:

Lender	Interest Rate	Maturity Date	2023	2022
First Republic Bank	2.50%	11/2/2025	$ -	$ 1,076,486
Less: current portion			-	(360,555)
			$ -	$ 715,931

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31:

	2023	2022
Innovation technology support	$ 661,341	$ 995,120
To conduct data collection in support of living wage research in tea farm in India	112,532	194,481
To support the revision of its Agricultural Production Standard and to facilitate market adoption and producer and community support in Indonesia and India	60,848	308,700
General support - time restricted	60,000	24,411
To support Phase II of the Tuna Consortium work in Indonesia	46,194	104,123
To support living wage study in Assam and West Bengal, India	28,506	44,047
Support the expansion, demand for, and impact of Fair Trade USA's seafood program	-	184,000
To develop geospatial farm analysis and coaching systems to enable mapping of environmental impacts such as deforestation and carbon capture on fair trade certified farms across the Americas	-	55,500
To participate in strategic and project specific meetings (both in person and remotely)	-	55,000
	$ 969,421	$ 1,965,382

Net assets with donor restrictions released from restrictions by incurring expenses were comprised of the following for the years ended December 31:

	2023	2022
To support the revision of its Agricultural Production Standard and to facilitate market adoption and producer and community support in Indonesia and India	$ 395,338	$ 132,303
Support for building new tools to deliver better learning content and access to those materials for producers and workers and to use technology to enable better assurance of compliance by companies to drive impact to people and planet	333,783	101,880
To provide support for Fair Trade USA priority and climate-related efforts	184,000	116,000
To support phase II of the tuna consortium work Sven has been carrying out in Indonesia with a group of partners	57,929	33,679
To develop geospatial farm analysis and coaching systems to enable mapping of environmental impacts such as deforestation and carbon capture on Fair Trade Certified farms across the Americas	55,500	44,500
To participate in strategic and project specific meetings (both in person and remotely)	55,000	35,000
General support - time restricted	24,411	58,575
Innovation technology support	-	610,712
Enabling meaningful producer needs assessments and maximizing the impact of global community development project investments program	-	502,909
Research cost of sustainable production for coffee farmers	-	132,662
Support the expansion and feasibility study for expansion of Fair Trade USA's certification in the Midwest	-	127,800
Support the expansion, demand for, and impact of Fair Trade USA's seafood program	-	107,833
Global impact work in the Philippines	-	36,130
Emergency response support	-	35,813
Fair trade certification of aquaculture	-	31,102
Analyze and track the global landscape of sustainable seafood	-	20,000
	$ 1,105,961	$ 2,126,898

Note 8 – Program Services

Business development – The Business Development program works with companies to increase sales of FTC products in the market.

Marketing communications and education – The Organization executes a broad range of marketing and public relations programs whose goal is to raise consumer awareness of international trade issues in general, and Fair Trade concerns in particular. The resulting increase in consumer awareness leads directly to an increase in consumer demand.

Certification impact program operations – The Certification department audits transactions between companies offering FTC products and their international suppliers to guarantee that the farmers and workers who produce FTC goods were paid a fair price for their products, receive a social premium, and adhere to the Fair Trade environmental, labor, and governance standards.

Supply chain management – Supply chain management includes support for producers, exporters, importers, retailers, and roasters throughout the Fair Trade supply chain. That support helps producers deliver high quality products that fit within the Organization's mission and are desired by retailers and consumers. Producer training and assistance services include: quality and environmental training, market data and linkage, access to capital, governance training, and other technical assistance.

Good World Solutions Technology – Good World Solutions Technology, in the form of its principal tools, Voice of the Client (micro-finance), and the Fair Wage Guide, provides quantitative tools and analytics to establish an anonymous two-way communication channel for workers and borrowers to report, and for companies and lenders to receive, unfiltered data directly from workers. GWS products are also used to survey farmers and workers producing Fair Trade Certified products to assess the impact of Fair Trade programs against defined livelihood and well-being measures.

Program services incurred were comprised of the following for the years ended December 31:

	2023	2022
Business Development	$ 5,878,069	$ 5,766,897
Certification Impact Program Operations	3,462,932	4,643,133
Supply Chain Management	4,149,079	4,599,334
Marketing Communications and Education	4,106,362	3,978,085
Good World Solutions Technology	850	3,095
	$ 17,597,292	$ 18,990,544

Note 9 – Commitments

The Organization entered into a sublease agreement with Flexera for its office location at 1901 Harrison Street, Suite 1700, Oakland, California, that began on July 1, 2019. In June 2021, this sublease agreement was terminated early when a new sublessor was identified. Upon termination of the sublease, $356,942 of the remaining deferred rent liabilities was derecognized and recorded against rent expense for the year ended December 31, 2021. While the Organization continued to negotiate the final settlement of its sublease agreement exit, $2,396,167 of accrued rent was recorded as accounts payable at December 31, 2021, under the terms of the existing sublease agreement. A settlement agreement for payment of $2,700,000 was signed by the Organization and Flexera in September 2022. An additional $303,833 was recorded as rent expense for the year ended December 31, 2022.

Rent expense, included in facility expenses on the consolidated statements of functional expenses, for the years ended December 31, 2023 and 2022 was $0 and $303,833, respectively.

Note 10 – Concentrations

During the years ended December 31, 2023 and 2022, one customer accounted for approximately 7% and 6% of total service fees, respectively.

As of the years ended December 31, 2023 and 2022, one customer accounted for approximately 7% and 5% of total service fees receivable, net, respectively.

Note 11 – Retirement Plan

The Organization sponsors a 401(k) profit sharing plan covering all eligible employees who have completed six months of service. The Organization makes matching contributions up to 4% of the employee's eligible compensation. Employees are eligible to make elective contributions up to the maximum amount allowed by the Internal Revenue Code. The Organization contributed $413,093 and $340,732, respectively, to the plan for the years ended December 31, 2023 and 2022, which is included in personnel expenses on the consolidated statements of functional expenses.

Note 12 – Liquidity and Availability

Financial assets available for general expenditure, within one year of the consolidated statements of financial position at December 31 comprise the following:

	2023	2022
Financial assets, year end:		
Cash and cash equivalents	$ 4,301,711	$ 10,919,548
Service fees receivable	5,402,646	5,328,097
Grants receivable, current portion	249,891	541,414
Short-term investments	3,572,911	-
	13,527,159	16,789,059
Less assets unavailable for general expenditures within one year:		
Cash and cash equivalents held with donor restrictions	(827,334)	(1,463,987)
Grants receivable, current portion with donor restrictions	(142,087)	(501,395)
	(969,421)	(1,965,382)
Financial assets available to meet cash needs for general expenditures within one year	$ 12,557,738	$ 14,823,677

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in certificate of deposits and money market funds. The service fee receivable and grants receivable, current portion are expected to be collected within one year.

Note 13 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position, but arose after the consolidated statement of financial position date and before the consolidated financial statements were available to be issued.

The Organization has evaluated subsequent events through June 28, 2024, which is the date the consolidated financial statements were available to be issued.

MOSSADAMS