

**WE ARE
NOT FOR SALE** 

TRANSPARENCY COMMITMENT



A year ago Not For Sale committed to share an additional layer of transparency around our finances and organizational output.

Once again in 2021, we promise our donors, stakeholders, project directors, and employees to always provide an open and honest accounting of our financial state and processes.

We invite you to learn more about our financial model and our impact. Each year, following our annual audit, we will provide our global financial report and our IRS Form 990 on our website. Below you will find a narrative explanation of our financial and impact models, including:

- 01 Not For Sale publishes audited financial records annually;**
- 02 Not For Sale operates as a non-profit, not a foundation;**
- 03 Not For Sale spent 71% of its operating budget in 2020 directly on impact programing;**
- 04 Not For Sale's business model generates economic value that is not reflected in its operating budget.**

NOT FOR SALE'S FINANCIAL RECORDS ARE AUDITED ANNUALLY.

As a legally registered 501c3 non-profit in the USA, Not For Sale's finances are audited once a year. The purpose of such audits is to prevent malfeasance in nonprofit operations and to assist us in improving accounting practices.

If a nonprofit were engaged in wrongdoing, the audit would expose it. Abiding by the principle of full transparency, **Not For Sale publishes its audited financials online for all to see.**

Below is the "auditor's opinion" published at the conclusion of our 2020 audit. Our audit was completed in July 2021:



In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Not For Sale Fund as of December 31, 2020 and 2019, related statements of activities, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

As was the case in 2019, this means we can report a bill of good health in 2020!

In addition to this, we are very happy to share that Not For Sale received a perfect four out of four star rating by industry watchdog Charity Navigator in 2020 and were named "2020 Top-Rated" report from GreatNonprofits.

We are proud that in addition to our government obligated reporting (e.g. our annual audit and 990 report) that third-party groups also recognize our work to maintain an open book with our supporters and partners.

01

NOT FOR SALE OPERATES AS A NONPROFIT, NOT A FOUNDATION.

Given that we have many supporters from around the world, we feel it is important to explain in a bit more depth how we operate, and specifically how it pertains to our use of all donations.

One important distinction to feature in any explanation of an entity's budget is to clarify the difference between a "foundation" and "nonprofit organization."

In the U.S., a Foundation is generally restricted to making grants to nonprofit organizations, or in some cases making project-related impact investments. A foundation's impact is generally directly correlated to the impact that their funding has made via the organizations they fund. The salary of a leader of a foundation is generally viewed as purely administrative — e.g. "overhead" — because the administrator is not delivering value as it pertains to "impact."

A nonprofit's impact is measured differently than a foundation's. A leader of a nonprofit is typically not limited to administrative work. The nonprofit leader's time can, and usually is, spent on directly creating measurable impact value.

Not For Sale does make grants to our "country offices." We track qualitative and quantitative measurements of positive impact from our country offices. This is very much how a traditional foundation works. But we are not simply a foundation dispersing money. Rather, we actively create other forms of demonstrable impact. (More on this impact is outlined below.)

An easy little recap: In some cases Not For Sale makes grants, but Not For Sale is not a foundation. Not For Sale is a nonprofit and our team works to create direct impact.

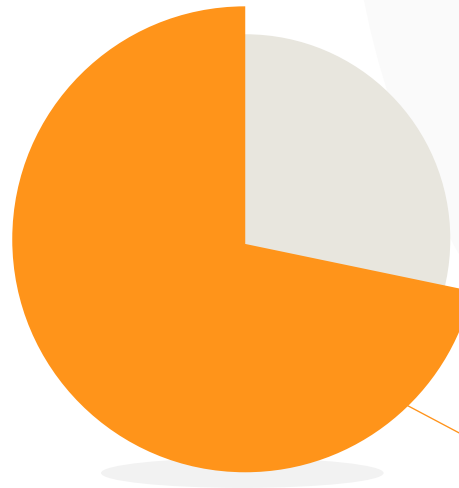
02

IN 2020, NOT FOR SALE HQ SPENT 71% OF ITS OPERATING BUDGET DIRECTLY ON IMPACT PROGRAMMING.

Our 2020 audit makes clear that 71 percent of our spending in 2020 went to funding measurable impact. In 2019 it was 89 percent, 2018 it was 83 percent, and in 2017 it was 83 percent.

While this is a drop off from previous years it's important to fully understand the larger contextual framework that we operate within, we can share that generally U.S.-based NGOs in the same space as Not For Sale are in the 65 to 80 percent range. So, yes, we are still in the standard range of acceptability, our goal is to raise this number again as soon as we are able to do so.

Critically, like many other nonprofits, we were massively affected by COVID-19. For example, we are deeply grateful to the U.S. government helping step in with small business loans to cover our core needs while other financial support to us understandably fell off. However, that meant that we were required to scale back some of our ambitious goals.



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of our spending in 2020 went to
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03



As a practice, we track all employee hours worked to ensure we are measuring how our time is being allocated. This data is then provided to our accountants on a monthly basis to check and validate our time allocations. Everyone on our team is held to this standard. This is gold standard nonprofit practice.



Recalling that we are a nonprofit, and not a foundation, we can share how Not For Sale's leadership delivers impact.





Beyond their fundraising and administrative roles in supporting Not For Sale country operations, Not For Sale's co-founders spend over 70 percent of their time conducting due diligence, social enterprise incubation, business development, and governance of social enterprises that generate impact through employment targets and supply chain and sourcing practices.

The Not For Sale co-founders are focused on shaping enterprises that aim to uphold dignity for people and the planet. Here are a few tangible examples:

***Not For Sale incubated REBBL from a concept to become a market-leader in the U.S. beverage industry – and embedded a revenue share of 2.5 percent back to Not For Sale.**

Not For Sale recruited and hired seasoned executives to run the company, and we have since stayed on REBBL's board of directors. Our time spent on the board is measured as Not For Sale **"impact programming"** time. We are not compensated for our board role because we are working to maintain the impact within the enterprise.

The Not For Sale team continues to engage REBBL on its **"impact sourcing"** to ensure that ingredients are not chosen on the basis of the cheapest price, but rather ingredients are chosen based on the direct impact it will have on grower communities. Recently REBBL launched its **Green Packaging**

Initiative because we continue to push the company in a direction good for both people and planet. Similarly, when REBBL releases its **Annual Impact Report** it is because Not For Sale holds them accountable to doing so.

Ultimately, this doesn't happen without Not For Sale's effort on the board, pushing REBBL to be the standard-bearers of what it means to be a true impact brand.

***AllSaints, the U.K.-headquartered apparel brand, is a Not For Sale donor.**

But once again, Not For Sale, as a nonprofit, does not singularly accept donations and distribute them to projects.

AllSaints strives to be a slavery-free company, and asked Not For Sale to assess their labor practices and offer best-practice solutions. This past year, we visited AllSaints factories in several locations in Turkey and Portugal, and were scheduled to do the same in India and China before COVID-19 thwarted travel plans. We are developing plans to continue this work even as we battle COVID-19.



***Not For Sale has helped launch a new technology company called Krunam.**

Krunam is a software company that can detect previously undiscovered online Child Sexual Abuse Material (CSAM).

We have conducted due diligence, market outreach, business development efforts, and recruited an executive team. This company is on the path to having an incredible impact on the Not For Sale mission to halt the exploitation of children. In addition, it will return a healthy revenue share to Not For Sale to continue our work with at-risk people and communities.

*There are myriad examples of the same activities for many of the other companies with whom Not For Sale partners: Relocity, a corporate relocation company (our president is the chairman of the board; Not For Sale donor revenue share); American Battery Technology Company, a battery recycling company (again, our president serves as "chief impact officer"); Scout Canning, a sustainable seafood company (our CEO is advising on supply chain & impact programming, Not For Sale donor revenue share); Haus of Z, a sustainable fashion brand (impact sourcing and Not For Sale donor revenue share); and many more.

In short: **Our project director** in Thailand creates impact. **Our project director in South Africa and Mozambique**. **Our project directors in Amsterdam** create an impact. And our team at Not For Sale Headquarters also creates impact.

NOT FOR SALE'S UNIQUE MODEL GENERATES ECONOMIC VALUE THAT IS NOT REFLECTED IN ITS OPERATING BUDGET.

Getting under the hood ... Here is our 2020 audited budget.



Not For Sale spent
a total of

\$1,119,603

\$791,127 was spent
on impact (or "programs")

Of this, **\$342,526** was
spent on grants and
support of at-risk people

\$239,726 was spent
on social enterprise
development and
governance

\$208,875 was spent
on advocacy and
awareness campaigns

Only **\$328,476**, or 29 percent,
was spent on "overhead"

Three quick points merit mentioning:

A) An individual could make the erroneous presumption that Not For Sale is a foundation that only accepts donor funds and distributes them (see Section #3 above)

B) Our salaries are not exorbitant — as the highest paid executive, our co-founder and president makes less than a fully tenured college professor.

C) The wage gap between our lowest- and highest-paid salaried employees is quite low, especially compared to other organizations. (That's doubly unusual given that David and Mark founded the organization nearly 14 years ago, and our newest employee has less than two year of tenure.) This demonstrates our commitment to employee retention and slow salary growth.

Our total Not For Sale salaries represented **39 percent** of our total expenditures last year, for our staff members — including the co-founders and CEO and president. The context provided above is key to understanding these proportions and how our Not For Sale business model functions.



For some more background, back in 2012 Not For Sale had a total budget expenditure of ~\$5 million, and if that were the case today our salaries would represent only around 12 percent of the total budget. So, what happened? We intentionally changed our entire model. We were a conventional nonprofit in those days, and we would capture all donor revenue that resulted from our expenditures.

In 2012, however, we started investing externally and broadened our focus beyond building Not For Sale as a stand-alone nonprofit.

Take, for example, our supply chain training and development investments in Peru.

That work has yielded nearly \$25 million in revenue last year for REBBL sales, and our impact sourcing with REBBL has reached to supporting grower communities in 32 countries worldwide. Only a small trickle of that revenue reaches Not For Sale, but our impact has been massive.

Beyond REBBL, we now see native communities in Peru selling goods that are “fair trade” and “organic” (certifications Not For Sale paid for) in large amounts to international retailers. Last year the communities that Not For Sale supports sold 14 tons of Brazil nuts to Costco alone. Not For Sale lists none of that revenue in its budget reporting. Rather, it goes directly to the indigenous communities to ensure their long-term stability and safety.



Our Amsterdam-based restaurants, Dignitá, are also a wonderful example of how we have generated impact and revenue that is not reported or reflected on our U.S. balance sheet.



Since 2012 we have provided nearly

\$1 million

in direct financial support to Not For Sale Netherlands.

Our funding helped support the creation of

DIGNITÁ

including four restaurants and a culinary school, that creates job training and opportunity for severely at-risk people.

It is wonderful that Dignitá generated close to

€5 million

in revenue last year.



That said, none of that revenue is reported back to Not For Sale Headquarters in California.

These two examples are demonstrative of the type of impact we create, and the financial story behind that impact that is above and beyond the reporting on our audited financial reports.

WE CELEBRATE OUR SCALABLE IMPACT MODEL.









An additional

64,700

vulnerably-situated people

were provided access to an
array of services such as:

-  Jobs
-  Skills training
-  Access to capital
-  Clean water
-  Social services
-  Education
-  Trafficking prevention
-  And more

to over 64,700 vulnerably-
situated people. This is the full
breadth of our Not For Sale work.

A young boy with dark hair, wearing a black long-sleeved shirt and black pants, is walking away from the camera through a field of tilled brown soil. He is carrying a large, rectangular, light-brown woven basket on his back, secured with green straps. In the background, there is a green corrugated metal building and a larger house with a red roof, surrounded by lush green trees and banana plants. The scene is set against a backdrop of misty, forested mountains under a hazy sky.

**WE ARE
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We are incredibly proud of our work. We hope you, our supporters, are also proud of our work — as it is you who have made it possible

As always, if you have any questions or concerns, please reach out and ask us about our work and how we do it.

www.notforsalecampaign.org