



LOVE JUSTICE INTERNATIONAL

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2025,
With Comparative Totals for 2024**

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LOVE JUSTICE INTERNATIONAL
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2025, WITH COMPARATIVE TOTALS FOR 2024
TABLE OF CONTENTS

	<u>Page</u>
Table of Contents	i
Independent Auditor's Report on the Financial Statements	1-3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-21

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

The Board of Directors and Management
Love Justice International
Lincoln, NE

Opinion

We have audited the accompanying financial statements of Love Justice International, a nonprofit organization, which comprise the Statement of Financial Position as of September 30, 2025, 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 Love Justice International as of September 30, 2025, 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 (GAAP).

Basis of Opinion

We conducted our audit 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 Love Justice International 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 GAAP, 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 Love Justice International'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 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 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 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 Love Justice International'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 Love Justice International'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.

Report on Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from Love Justice International's September 30, 2024 financial statements. We have previously audited Love Justice International's 2024 financial statements, and we issued an unmodified opinion on those financial statements in our report dated February 7, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hinkle & Landers, P.C.

Hinkle + Landers, PC
Albuquerque, NM
February 25, 2026

LOVE JUSTICE INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
As of September 30, 2025, With Comparative Totals for 2024

	Note	2025	2024
ASSETS			
Current Assets			
Cash, Restricted Cash, and Cash Equivalents	C	\$ 1,598,229	537,441
Investments		3,400	-
Contracts Receivable, Net		14,936	264,113
Advances to Partners	D	44,957	59,367
Employee Advances		2,932	3,163
Prepays		18,761	-
Deposits		1,776	3,158
Total Current Assets		<u>\$ 1,684,991</u>	<u>867,242</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable		\$ 69,822	72,254
Accrued Payroll Liabilities		-	947
Compensated Absences	E	<u>81,025</u>	<u>90,551</u>
Total Current Liabilities		150,847	163,752
Net Assets			
Net Assets Without Donor Restrictions		1,351,535	594,533
Net Assets With Donor Restrictions			
Purpose Restricted	I	<u>182,609</u>	<u>108,957</u>
Total Net Assets		<u>1,534,144</u>	<u>703,490</u>
Total Liabilities and Net Assets		<u>\$ 1,684,991</u>	<u>867,242</u>

The accompanying notes are an integral part of these financial statements

LOVE JUSTICE INTERNATIONAL

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025, With Comparative Totals for 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support				
Contributions	\$ 4,986,882	729,747	5,716,629	4,896,739
Federal Grant	177,347	-	177,347	400,000
Federal Contracts	276,879	-	276,879	309,211
Donated Marketable Securities	23,153	-	23,153	-
Release of Restricted Net Assets	656,095	(656,095)	-	-
Total Support	6,120,356	73,652	6,194,008	5,605,950
Revenues				
Interest Income	35,420	-	35,420	831
Other Income	66,507	-	66,507	12,114
Total Revenues and Support	6,222,283	73,652	6,295,935	5,618,895
Expenses				
Program Services	3,544,842	-	3,544,842	3,291,653
Management and General	588,285	-	588,285	649,895
Fundraising	1,332,154	-	1,332,154	1,225,358
Total Expenses	5,465,281	-	5,465,281	5,166,906
Change in Net Assets	757,002	73,652	830,654	451,989
Net Assets, Beginning of Year	594,533	108,957	703,490	251,501
Net Assets, End of Year	\$ 1,351,535	182,609	1,534,144	703,490

The accompanying notes are an integral part of these financial statements

LOVE JUSTICE INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2025, With Comparative Totals for 2024

	2025				2024
	Program	Management and General	Fundraising	Total	Total
Personnel Expenses					
Salaries and Wages	\$ 866,315	183,788	913,975	1,964,078	2,228,216
Payroll Related Taxes	44,380	12,980	69,636	126,996	117,161
Employee Benefits	204,352	20,904	68,507	293,763	199,884
Total Personnel Expenses	1,115,047	217,672	1,052,118	2,384,837	2,545,261
Grants to Partners (Program Activities)					
Interceptions and Arrests	1,351,239	-	-	1,351,239	1,233,866
Nepal Dream School	53,901	-	-	53,901	57,945
Children's Ministries	389,057	-	-	389,057	396,243
Operating Expenses					
Contracted Services	474,594	95,762	90,382	660,738	101,035
Travel	58,661	17,514	91,067	167,242	201,266
Information Technology	26,020	110,212	5,868	142,100	109,196
Advertising and Promotion	-	276	84,700	84,976	95,557
Bank and Merchant Fees	-	82,503	216	82,719	84,959
Professional Services	26,916	28,561	2,252	57,729	204,593
Meetings	12,407	14,426	5,169	32,002	53,388
Rent	20,157	1,636	100	21,893	2,338
Office Expenses	8,877	10,708	282	19,867	41,569
Insurance	-	9,015	-	9,015	9,013
Training and Development	7,966	-	-	7,966	10,201
Credit Losses	-	-	-	-	20,476
Total Expenses	\$ 3,544,842	588,285	1,332,154	5,465,281	5,166,906

The accompanying notes are an integral part of these financial statements

LOVE JUSTICE INTERNATIONAL

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2025, With Comparative Totals for 2024

	2025	2024
Cash Flows from Operating Activities		
Cash Received from Contributions	\$ 5,716,629	4,896,739
Cash Received from Contracts	276,879	309,211
Cash Received from Grantors	426,524	115,411
Cash Received from Other Income	66,507	12,114
Interest Income Received	35,420	831
Cash Paid for Wages and Benefits	(2,395,079)	(2,582,052)
Cash Paid to Vendors and Contractors	(3,066,092)	(2,733,205)
Net Cash Provided by Operating Activities	<u>1,060,788</u>	<u>19,049</u>
Net Increase in Cash, Cash Equivalents, and Restricted Cash	1,060,788	19,049
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>537,441</u>	<u>518,392</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u><u>\$ 1,598,229</u></u>	<u><u>537,441</u></u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in Net Assets	\$ 830,654	451,989
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Credit Losses	-	20,476
Changes in Assets and Liabilities:		
Contracts Receivable	249,177	(284,589)
Advances to Partners	14,410	(59,367)
Employee Advances	231	3,800
Prepays	(18,761)	
Other Assets	(2,018)	(3,158)
Accounts Payable	(2,432)	(49,035)
Accrued Wages and Payroll Related Liabilities	(947)	(78,679)
Compensated Absences	(9,526)	17,612
	<u>230,134</u>	<u>(432,940)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,060,788</u></u>	<u><u>19,049</u></u>
Supplementary Disclosure:		
Donated Marketable Securities Received	\$ 23,153	-
Donation of Gold at Fair Value	\$ 3,400	-

The accompanying notes are an integral part of these financial statements

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

A. NATURE OF ACTIVITIES

Love Justice International (LJI) is a Montana nonprofit organization. LJI helps churches share the love of Christ by bringing justice for the least of these. LJI's mission is driving the downfall of slavery by disrupting human trafficking in transit. LJI uses a strategy called Transit Monitoring to intercept potential victims of trafficking. Information gathered from this model is used to build a database that enhances understanding of human trafficking and supports the arrest of traffickers.

LJI also operates homes aimed at providing loving and nurturing homes that equip orphaned and abandoned children to live Christ-connected, flourishing, and impactful lives, and run a school to help in that purpose. LJI receives the majority of its funding from private donations and grants.

Programs supported by these funding sources are as follows:

Transit Monitoring – LJI's trained staff monitor for human trafficking "red flags" at key transit points seeking to intercept and protect the vulnerable to prevent them from being trafficked.

Investigations – Through LJI's transit monitoring and investigations teams we seek to have perpetrators of human trafficking arrested.

Family Homes – We fully provide and care for orphaned and abandoned children, seeking to create an environment where they can live flourishing and impactful lives.

Dream School – LJI operates a school (primary and secondary) that aims to equip and inspire students to be difference-makers through excellent education for our Family Homes children and other children in the surrounding community.

LJI receives the majority of its funding from private donations, federal grants, and federal contracts. LJI's federal grant comes from the United States Department of State.

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of LJl is presented to assist in understanding LJl's financial statements.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual method of accounting, revenues are recognized when earned or unconditionally promised to be received rather than when received, and expenses are recognized when the related liabilities are incurred rather than when paid.

Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, LJl is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restriction and net assets with donor restrictions are defined as follows.

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent resources over which the Board of Directors has discretionary control. Net assets without donor restrictions represent the investment in unrestricted assets.

Net Assets With Donor Restrictions – Temporary in Nature

Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of LJl pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature. See Net Assets With Donor Restrictions in Note I.

Net Assets With Donor Restrictions – Perpetual in Nature

Net assets with perpetual donor restrictions are the result of contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

be removed by actions of LJL. LJL has no donor restricted net assets that are perpetually restricted as of September 30, 2025 or 2024.

Liquidity and Availability of Financial Resources

LJL regularly monitors liquidity to meet its cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, and external limitations imposed by donors or contracts with others. LJL is substantially supported by contributions, federal grants, and federal contracts. Because a donor's restriction may require resources to be used in a particular manner or in a future period, LJL must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of LJL's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, LJL can invest cash in excess of daily requirements in short-term investments.

Liquidity is as follows:

<u>Financial Assets at Year End</u>	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 1,598,229	537,441
Receivables	14,936	264,113
Less Amounts Not Available to Be Used within One Year:		
Net Assets with Donor Restrictions	182,609	108,957
Add Back: Net Assets with Purpose and Time		
Restrictions to Be Met in Less Than a Year	<u>(182,609)</u>	<u>(108,957)</u>
Financial Assets Available to Meet Cash Needs for		
General Expenditures within One Year	<u>\$ 1,613,165</u>	<u>801,554</u>

Donor restricted funds are available for expenditure upon satisfaction of the restriction, the expected timing of which is not generally determinable in advance.

Cash, Restricted Cash, and Cash Equivalents

The Statement of Cash Flows includes cash, restricted cash, and cash equivalents. All cash is held in local banks. Cash held for investment purposes is included in investments, if applicable.

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

Investments

Investments are carried at fair value, which is 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. Quoted market prices, when available, are used to value investments. Purchases and sales of securities are recorded on a trade-date basis. Changes in fair value during the year are recognized as investment income on the Statement of Activities. Realized and unrealized gains and losses, as well as investment expenses, are also reflected on the Statement of Activities.

LJI's investments at September 30, 2025, consist solely of a physical holding of gold. Investments are reported at fair value in accordance with GAAP. The fair value of the gold is determined based on quoted market prices for gold as of the measurement date. As such, the investment is classified within Level 1 of the fair value hierarchy.

The gold was received as a contribution and was initially recognized at its fair value on the date of donation.

Fair Value of Financial Instruments

The carrying amounts of cash, restricted cash, and cash equivalents, receivables, payables, and accrued expenses approximate fair value due to the short maturity periods of these instruments.

Contract Receivables and Credit Policies

Contract receivables consist primarily of noninterest-bearing amounts due from contracts, less an allowance for uncollectible accounts. Management estimates the adequacy of the allowance for uncollectible receivables based on historical collections, specific impaired receivables, and other situations that may affect the collection of the receivables. Receivables are written off in the period in which management determines the receivable is uncollectible.

All receivables outstanding as of September 30, 2025, were deemed collectible, therefore no allowance was necessary. As of September 30, 2024, the allowance for uncollectible accounts was \$20,476.

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

Lease Policy

LJI determines whether an arrangement is a lease at inception. LJI has elected the short-term lease practical expedient under ASC 842 for leases with a term of twelve months or less. Accordingly, lease payments for these leases are recognized as lease expense on a straight-line basis over the lease term and no right-of-use asset or lease liability are recorded in the accompanying financial statements.

Revenue Recognition

LJI accounts for its revenue and support under ASC 606, *Revenue from Contracts with Customers* and Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* in accordance with GAAP.

The following summarizes the revenue recognition policies for major classifications of revenue:

- *Grants and Contributions* — Grants and contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Grants and contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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. Grants and contributions received with donor stipulations that are met in the same year are initially identified as restricted and then released. There may be other donor restricted funds with donor stipulations that are met in the same year the contributions are received; these are classified as revenue and net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. LJI had no promises to give as of September 30, 2025, or 2024.

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2025, With Comparative Totals for 2024

- *Contract Revenue* — LJl has contracted with the Home Office International Operations (HOIO) in London to provide transit monitoring services in Kenya and Ethiopia. The revenue from these contracts is recorded when the services are provided, and the performance obligation is satisfied. The performance obligation involves delivering the services over time to the participants in the program. The transaction price is established by the Secretary of State for the Home Office in London, in collaboration with LJl, as per the agreement. No allocation of the transaction price is necessary. The recognition method is based on the services provided at agreed locations, using the input method. Specifically, when LJl incurs qualifying expenses in compliance with both the general and specific requirements of the funding source, and when LJl has provided the services according to the contract's specific requirements, the receivable to the agency and the offsetting contract revenue are recorded.

LJl has also contracted with the International Organization for Migration (IMO), a related organization of the United Nations, to provide transit monitoring services at seven locations of known trafficking prevalence and strengthen interception at each location. LJl is also to support investigations and prosecution and provide training on identification for border officers and immigration officials and to establish collaboration in information sharing and referrals. Revenue is recognized over time using an input method based on eligible costs incurred relative to total expected costs, as this method best depicts progress toward completion of the performance obligations. Amounts received in advance of costs incurred are recorded as deferred revenue and recognized as revenue as qualifying expenditures are incurred and approved in accordance with the agreement. The total transaction price under this agreement is subject to adjustment based on approval of reported expenditures and completion of performance milestones. Any unspent or disallowed funds are refundable to the funder and are excluded from revenue.

- *Donated Property, Materials and Services* — Donations of property, materials and services are recorded as contributions at fair value at the date of donation. Donated stocks, bonds, or other securities are recorded at the fair market value on the date of the gift. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Donated services are recognized as contributions at their estimated fair value if the

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2025, With Comparative Totals for 2024

services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by LJL. LJL received donated marketable securities of \$23,153 during the year ended September 30, 2025. It is LJL's policy to sell stock received as soon as they are able. There were no donated in-kind contributions for the year ended September 30, 2024.

- *Conditional Grant* — LJL receives a governmental grant in which the grantor provides funding. The terms of the grant specify that LJL must incur certain qualifying expenses or costs in compliance with the rules and regulations established by the grantor. These grant funds are paid predominately on a cost-reimbursement basis, but there can be upfront payments received at the beginning of the grant cycle. The advance payments are considered a refundable advance until the conditions are substantially met. Accordingly, these amounts are recorded as revenue only as the qualifying expenses are incurred; any unspent advances are reported as a refundable advance (liability) until the conditions are substantially met. Any advances of upfront payments must be returned, if unused. Any unused assets are forfeited, and any unallowed costs that have been drawn down by LJL are required to be refunded. The grant is determined to be conditional as it is required to be spent on qualifying expenses and therefore the revenue is recognized once LJL has incurred the qualifying expenses. The grant is recorded without donor restrictions as the donor stipulations are met in the same year the contributions are received.

Advertising

LJL expenses advertising costs as incurred. Advertising costs for the years ended September 30 are as follows:

	<u>2025</u>	<u>2024</u>
Advertising and Promotion \$	<u>84,976</u>	<u>95,557</u>

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates that are

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

particularly susceptible to significant changes in the near term that could have a material effect on the financial statements include:

- Allocation of expenses by function to program services, management and general and fundraising.
- Compensated absences payable at year end.

Actual results could differ from those estimates.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more services provided by LJL. Expenses and support services that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded in the functional classification the expense relates to. All other expenses require allocation on a reasonable basis that is consistently applied.

These expenses are allocated among the services on the following basis:

Type of Expense
Salaries and Wages, Interceptions and Arrests, Professional Services, Employee Benefits, Travel, Nepal Dream School, Information Technology, Payroll Related Taxes, Advertising and Promotion, Bank and Merchant Fees and Others
Bases of Allocation of Expenses
• Direct to program or supporting services • Appropriate allocation based on time and effort

The functional expense allocation ratios for the years ended September 30 are as follows:

Expense Allocation	2025	2024
Program Services	65%	64%
Management & General	11%	13%
Fundraising	24%	23%
Total	100%	100%

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

Income Tax Status

LJI is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation. LJI applies FASB ASC 740-10, *Income Taxes*, which requires evaluation of uncertain tax positions; however, in the opinion of management, such tax, if any, is immaterial. Accordingly, no provision for income taxes has been recorded. LJI files required annual tax returns with the Internal Revenue Service in the United States and the appropriate state jurisdictions.

Contingency and Risks

LJI is exposed to various risks of loss from torts; theft or damage to property; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. LJI has obtained commercial insurance coverage to protect itself against such losses.

LJI, in the normal course of business, is subject to claims and litigation. Management believes that there are no outstanding claims or assessments which would be subject to a material unfavorable outcome that would not be covered by insurance.

Amounts received from grantor agencies and other third parties are subject to audit and adjustment by these entities. Any disallowed claims, including amounts already collected, may constitute a liability of LJI. The amount, if any, of expenses that may be disallowed cannot be determined at this time, although LJI expects such amount, if any, to be immaterial.

Reclassifications

Certain amounts in the prior year's financial statements may have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Evaluation of Subsequent Events

LJI evaluated subsequent events through February 25, 2026, the date the financial statements were available to be issued. Events providing additional evidence of conditions existing as of September 30, 2025, have been recognized. Events arising after that date did not exist as of year-end and are not recognized.

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

Prior Year Comparative Financial Statements

The financial statements include prior year summarized comparative information in total, but not by each net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with LJl's financial statements for the year ended September 30, 2024, from which the summarized information was derived.

C. CASH, RESTRICTED CASH, AND CASH EQUIVALENTS

LJl's cash balance on the Statement of Financial Position consists of the following as of September 30:

	2025	2024
Operating	\$ 1,390,077	427,839
Restricted Cash	182,609	108,957
Stripe Account	20,650	-
Paypal Account	4,893	-
Savings	-	645
Total	<u>\$ 1,598,229</u>	<u>537,441</u>

Restricted cash represents grant funds and contributions received that are required by the grantor to be used for specific purposes.

D. ADVANCES TO PARTNERS

LJl provides advance funds to partners to carry out its mission in various countries. These advances are intended to support partners in covering allowable expenses incurred on behalf of LJl.

The advances are conditional upon the submission of detailed documentation substantiating that the funds were used for allowable expenses in accordance with LJl's policies. Any portion of the advance not supported by proper documentation must be returned or offset against future distributions.

Management regularly monitors the advances to ensure compliance with the conditions. As of September 30, 2025 and 2024, no allowance for uncollectible amounts has been recorded, as all advances are expected to be fully supported or recovered.

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

The balance as of September 30, were as follows:

	2025	2024
Advances to Partners	\$ 44,957	59,367
Employee Advances	2,932	3,163
Total Advances	<u>47,889</u>	<u>62,530</u>

E. COMPENSATED ABSENCES

It is LJl's personnel policy that employees who work at least 20 hours per week in regular positions will be eligible to accrue leave at rates determined by the number of hours worked and the number of years of continuous regular employment as earned. Employees are not eligible to earn any additional vacation once they have reached the maximum cap of 160 hours until their vacation hours fall below the maximum cap. Upon termination, resignation, or retirement, an employee will be paid for unused vacation time at the employee's base rate of pay at termination.

Under this policy, the vested annual leave to be paid upon termination was as follows as of September 30:

	2025	2024
Compensated Absences	\$ <u>81,025</u>	<u>90,551</u>

F. RETIREMENT PLAN

LJI sponsors a 403(b) defined contribution plan, which permits both pre-tax and Roth deferrals. Employees who work 20 or more hours per week are eligible to participate in the plan from their date of hire.

The employer match for the 403(b) plan is based on the employees' years of service, starting at 3% of the employees' contributions and increasing up to a maximum of 6%.

The specific matching percentages are as follows:

- Years of Service 1-3: Employer match of 3%
- Years of Service 3-5: Employer match of 4%
- Years of Service 5-10: Employer match of 5%

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

- Years of Service 10+: Employer match of 6%

LJI's contributions to the plan for the years ended September 30 were as follows:

	<u>2025</u>	<u>2024</u>
Employer Contributions	\$ <u>76,932</u>	<u>68,372</u>

Employer contributions are included in employee benefits in the Statement of Functional Expenses.

G. LEASE COMMITMENTS

LJI entered into two month-to-month operating lease agreements for office space, which included access to specific equipment. The monthly lease payments for the office space ranged from \$2,704 to \$3,245, with an annual increase of 4%. Both of these leases ended as of September 30, 2025.

LJI entered into a twelve-month lease for office space during the year ended September 30, 2025. The monthly lease payment was \$1,524, and the lease expired on July 31, 2025.

LJI entered into a new twelve-month lease for a cottage and loft office as of August 1, 2025. The monthly lease payment is \$2,235 and goes through July 31, 2026.

Rent expense was \$21,893 and \$2,338 for the years ended September 30, 2025 and 2024, respectively.

H. CONCENTRATION OF CREDIT, MARKET AND BUSINESS RISK

Concentration of Credit Risk – Uninsured Cash Balances

LJI maintains cash funds in three separate financial institutions. Periodically throughout the year ended September 30, 2025, LJI's cash balances in its bank accounts may have exceeded the insured limits allowed under the Federal Deposit Insurance Corporation (FDIC). Currently, the FDIC insures bank balances up to \$250,000, per depositor, per institution, per ownership category. As of September 30, 2025, the uninsured deposits were approximately \$826,000. Management has determined that the risks related to this balance were within an acceptable range.

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

Revenue Concentration

LJI's revenues are primarily from contributions, federal grants, and federal contracts. LJI depends on these funding sources continuing to provide resources in future years. If the contributors or granting authorities withdrew their support to a significant extent, or if appropriations for programs to support anti-trafficking were to be reduced in future years, LJI could experience financial difficulty and might find it necessary to curtail existing programs.

Amounts received and expended by LJI under federal programs are subject to audit by governmental agencies. Such audits could result in requests for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the grant agreements. In the opinion of management, audit adjustments, if any, would not have a significant effect on the financial position of LJI.

I. NET ASSETS WITH DONOR RESTRICTIONS

LJI receives contributions which are restricted by the donor for a particular or specific use and were not expended by LJI for that purpose during the current year. These contributions are classified as net assets with donor restrictions depending upon the donor's expressed intention.

LJI has the following net assets with donor restrictions:

Grantor	2024	Additions	Released	2025	Restricted Purpose/Time
Contributions from Individuals	\$ 108,957	729,747	(656,095)	182,609	Direct Fundraising for Staff Wages and Benefits
Total	\$ 108,957	729,747	(656,095)	182,609	

Net assets were released during the year by incurring expenses satisfying the purpose specified by donors.

J. RISKS AND UNCERTAINTIES

Geographic Diversification of Activities

LJI operates in multiple countries to achieve its mission of combating human trafficking and protecting vulnerable children. The expansion into diverse geographic areas introduces various economic, political, and financial risks that affect the financial statements and related disclosures. Key factors and their potential impacts are detailed below:

LOVE JUSTICE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2025, With Comparative Totals for 2024

Currency Risk

LJI conducts a significant portion of its operations through contracts and payments denominated in foreign currencies in regions with volatile exchange rates. Exchange rate fluctuations can affect the costs associated with program delivery and administrative expenses. The financial statements do not reflect a foreign currency exchange loss or gain for the years ended September 30, 2025 and 2024. Future exchange rate changes may have a material impact on financial results, which are not predictable.

Accounting Policy for Currency Translation:

Transactions in foreign currencies are translated at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are remeasured at the period-end exchange rate. Gains and losses from currency translation are recognized in the Statement of Activities, if applicable.

Regional Economic and Political Risks

Expansion into regions with unstable political environments or weak regulatory frameworks increases the risk of operational disruption or unexpected costs. Activities in Africa and Asia represent approximately 60% and 40% of total program expenditures, respectively. Political or regulatory changes in these regions could impact the ability to deliver services, recover assets, or meet contractual obligations.