

**HOPE FOR JUSTICE, INC.**

FINANCIAL STATEMENTS

March 31, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Hope for Justice, Inc.  
Nashville, Tennessee

We have audited the accompanying financial statements of Hope for Justice, Inc., which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope for Justice, Inc. as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Wegner CPAs, LLP  
Alexandria, Virginia  
December 22, 2021

**HOPE FOR JUSTICE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
 March 31, 2021 and 1900

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 1,193,209	\$ 807,797
Accounts receivable, related-parties	328,307	-
Other assets	17,093	24,806
Equipment, net	<u>39,419</u>	<u>51,176</u>
<b>Total assets</b>	<u><u>\$ 1,578,028</u></u>	<u><u>\$ 883,779</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 3,642	\$ 2,814
Accounts payable, related-parties	<u>199,151</u>	<u>208,585</u>
Total liabilities	202,793	211,399
<b>NET ASSETS</b>		
Without donor restrictions	1,279,216	608,070
With donor restrictions	<u>96,019</u>	<u>64,310</u>
Total net assets	<u>1,375,235</u>	<u>672,380</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 1,578,028</u></u>	<u><u>\$ 883,779</u></u>

See accompanying notes.

**HOPE FOR JUSTICE, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended March 31, 2021 and 2020

	2021	2020
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
REVENUES		
Contributions	\$ 3,580,203	\$ 1,829,985
Other income	4,509	4,672
Total revenues without donor restrictions	3,584,712	1,834,657
EXPENSES		
Program services	2,222,907	1,397,674
Management and general	370,409	287,772
Fundraising	321,041	279,887
Total expenses	2,914,357	1,965,333
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	791	99,040
Change in net assets without donor restrictions	671,146	(31,636)
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	32,500	71,750
Net assets released from restrictions	(791)	(99,040)
Change in net assets with donor restrictions	31,709	(27,290)
<b>Change in net assets</b>	702,855	(58,926)
Net assets at beginning of year	672,380	731,306
<b>Net assets at end of year</b>	<b>\$ 1,375,235</b>	<b>\$ 672,380</b>

See accompanying notes.

**HOPE FOR JUSTICE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended March 31, 2021 and 2020

<b><u>2021</u></b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Personnel	\$ 793,652	\$ 39,123	\$ 144,441	\$ 977,216
Professional services	131,972	283,450	67,069	482,491
Victim support	1,063,395	-	-	1,063,395
Occupancy	150,168	-	436	150,604
Event supplies and rentals	1,143	-	49,091	50,234
Travel	18,510	-	31,575	50,085
Office supplies	6,447	24	15,972	22,443
Repairs and maintenance	15,016	9	336	15,361
Employee benefits	2,770	136	2,385	5,291
Telephone	13,588	-	196	13,784
Depreciation	15,381	2,051	3,076	20,508
Other	2,135	4,706	427	7,268
Conferences and training	2,098	-	6,000	8,098
Meals and entertainment	1,800	15	37	1,852
Advertising and promotion	4,832	-	-	4,832
Service charges	-	40,895	-	40,895
<b>Total expenses</b>	<b><u>\$ 2,222,907</u></b>	<b><u>\$ 370,409</u></b>	<b><u>\$ 321,041</u></b>	<b><u>\$ 2,914,357</u></b>
<b><u>2020</u></b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Personnel	\$ 751,899	\$ 3,861	\$ 88,189	\$ 843,949
Professional services	118,572	273,119	67,907	459,598
Victim support	223,575	-	-	223,575
Occupancy	189,513	2,415	-	191,928
Event supplies and rentals	-	-	75,139	75,139
Travel	23,175	123	18,892	42,190
Office supplies	13,233	17	11,431	24,681
Repairs and maintenance	16,101	-	11	16,112
Employee benefits	8,333	1,210	2,242	11,785
Telephone	16,826	-	-	16,826
Depreciation	15,984	2,132	3,197	21,313
Other	13,011	1,208	2,304	16,523
Conferences and training	2,295	-	-	2,295
Meals and entertainment	4,375	-	295	4,670
Advertising and promotion	782	-	10,280	11,062
Service charges	-	3,687	-	3,687
<b>Total expenses</b>	<b><u>\$ 1,397,674</u></b>	<b><u>\$ 287,772</u></b>	<b><u>\$ 279,887</u></b>	<b><u>\$ 1,965,333</u></b>

See accompanying notes.

**HOPE FOR JUSTICE, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended March 31, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 702,855	\$ (58,926)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	20,508	21,313
(Increase) decrease in assets		
Accounts receivable, related-parties	(328,307)	-
Other assets	7,713	(2,514)
Increase (decrease) in liabilities		
Accounts payable	828	(31,161)
Accounts payable, related-parties	(9,434)	104,834
	394,163	33,546
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	(8,751)	(13,890)
<b>Change in cash</b>	385,412	19,656
Cash at beginning of year	807,797	788,141
<b>Cash at end of year</b>	\$ 1,193,209	\$ 807,797

See accompanying notes.

**HOPE FOR JUSTICE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2021 and 1900

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Hope for Justice, Inc. (HFJ) was established to support short-term and long-term rehabilitative centers in the United States and Cambodia. These centers are designed to specifically aid human trafficking victims and will provide shelter, education, counseling and case management services.

**Accounts Receivable**

Accounts receivable represent amounts due from related-parties. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of March 31, 2021 and 2020, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

**Equipment**

Equipment is recorded at cost or, if donated, at fair value at the time of the donation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

**Paycheck Protection Program Loan**

HFJ received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. HFJ expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. HFJ recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Income Tax Status**

HFJ is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to HFJ's tax-exempt purpose is subject to taxation as unrelated business income.



**HOPE FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2021 and 1900

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, professional services, occupancy, travel, office supplies, repairs and maintenance, employee benefits, depreciation, and other expenses, which are allocated on the basis of estimates of time and effort.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

**Date of Management’s Review**

Management has evaluated subsequent events through December 22, 2021, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISK

HFJ maintains its cash balances at two financial institutions. One is located in the United States while the second is located in Cambodia. The balance held in the United States is insured by the Federal Deposit Insurance Corporation up to \$250,000. The cash balances maintained at the bank in Cambodia are not insured. At March 31, 2021 and 2020, HFJ’s uninsured cash balance totaled approximately \$928,000 and \$718,000, respectively.

NOTE 3—EQUIPMENT

Equipment consists of the following:

	2021	2020
Vehicles	\$ 59,499	\$ 59,499
Furniture and fixtures	24,436	24,436
Computers and office equipment	51,261	42,510
Equipment	135,196	126,445
Accumulated depreciation	(95,777)	(75,269)
Equipment, net	\$ 39,419	\$ 51,176

**HOPE FOR JUSTICE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2021 and 1900

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**NOTE 4—RELATED PARTY TRANSACTIONS**

HFJ is affiliated with non-profit organizations named Hope for Justice UK, Hope for Justice Norway, Retrak, and Hope for Justice Australia. These separate legal entities share a similar mission and purpose. Additionally, certain board members of HFJ are also members of its affiliated organizations.

Hope for Justice UK provides managerial and business services for HFJ. HFJ and Hope for Justice UK also provide contributions to one another on a case by case basis. Transactions between HFJ and Hope for Justice UK for the years ended March 31 are as follows:

	2021	2020
Managerial and business services provided	\$ 406,743	\$ 356,353
Contributions awarded to HFJ	462,477	-
Contributions awarded to Hope for Justice UK	11,250	-

Amounts due from Hope for Justice UK at March 31, 2021 are \$328,307. Amounts due to Hope for Justice UK at March 31, 2020 are \$118,205.

HFJ receives contributions for Hope for Justice Norway through US-based giving platforms. During the years ended March 31, 2021 and 2020, these contributions totaled \$11,284 and \$34,776, respectively. Amounts due to Hope for Justice Norway at March 31, 2021 and 2020 are \$208 and \$78,074, respectively.

HFJ receives contributions for Retrak through US-based giving platforms. During the years ended March 31, 2021 and 2020, these contributions totaled \$12,399 and \$12,306, respectively. In addition, HFJ provided a grant to Retrak and paid a total of \$891,993 to Retrak during the year ended March 31, 2021. Amounts due to Retrak at March 31, 2021 and 2020 are \$198,267 and \$12,306, respectively.

HFJ receives contributions for Hope for Justice Australia through US-based giving platforms. During the year ended March 31, 2021, these contributions totaled \$676. Amounts due to Hope for Justice Australia at March 31, 2021 are \$676.

**NOTE 5—NET ASSETS**

Net assets with donor restrictions are restricted for the following purposes:

	2021	2020
Youth training	\$ -	\$ 542
US hub investigations	64,519	63,518
Ethiopia Street Out	-	250
Africa programming	21,000	-
Colorado hub	10,500	-
Net assets with donor restrictions	\$ 96,019	\$ 64,310

**HOPE FOR JUSTICE, INC.**  
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**NOTE 6—PAYCHECK PROTECTION PROGRAM LOAN**

On May 28, 2020, HFJ received a \$81,115 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On June 10, 2021, HFJ received forgiveness of the loan which is included in contributions on the statements of activities. HFJ must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review HFJ's good-faith certification concerning the necessity of its loan request, whether HFJ calculated the loan amount correctly, whether HFJ used loan proceeds for the allowable uses specified in the CARES Act, and whether HFJ is entitled to loan forgiveness in the amount claimed on its application. If SBA determines HFJ was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

**NOTE 7—OPERATING LEASES**

HFJ leases office space under a non-cancellable operating lease requiring monthly payments of \$3,269 and expiring July 31, 2022. Additionally, HFJ leases space for program use in Cambodia under non-cancellable operating leases requiring monthly payments ranging from \$330 to \$3,000 and expiring at various times through March 1, 2022. Total rent expense for the years ended March 31, 2021 and 2020 related to these leases was \$127,975 and \$120,789, respectively. Future minimum lease payments for the years ended March 31, 2022 and 2023 are \$82,119 and \$13,402, respectively.

**NOTE 8—LIQUIDITY AND AVAILABILITY**

For the purpose of analyzing resources available to meet general expenditures over the next 12-month period, HFJ considers all expenditures related to its ongoing activities issued to programs as well as the general expenditures that support the programs. HFJ regularly monitors liquidity required to meet its general operating needs and other contractual commitments.

Financial assets available for general expenditures are comprise of the following:

	2021	2020
Financial assets at year-end:		
Cash	\$ 1,193,209	\$ 807,797
Accounts receivable, related-parties	328,307	-
Total financial assets at year-end	1,521,516	807,797
Less those unavailable for general expenditures within one year:		
Restricted by donor with purpose restrictions	(96,019)	(64,310)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,097,190	\$ 743,487

**HOPE FOR JUSTICE, INC.**  
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NOTE 9—COVID-19 CONSIDERATIONS

The COVID-19 outbreak has caused disruption for nonprofit organizations and has resulted in significant volatility in the financial markets. HFJ has had temporary reductions of various program services it provides and had cancellations of events and meetings during the year ended March 31, 2021. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of restrictions on gatherings and potential economic impacts. At this time, the potential related financial impact cannot be reasonably estimated.