LABORATORY TO COMBAT HUMAN TRAFFICKING

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

LABORATORY TO COMBAT HUMAN TRAFFICKING

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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May 12, 2026

INDEPENDENT AUDITORS' REPORT

Board of Directors
Laboratory to Combat Human Trafficking
Denver, Colorado

Opinion

We have audited the accompanying financial statements of the **Laboratory to Combat Human Trafficking** (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 the Laboratory to Combat Human Trafficking as of December 31, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Laboratory to Combat Human Trafficking 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.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise doubt about Laboratory to Combat Human Trafficking's ability to continue as a going concern within one year after the date of 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 the Laboratory to Combat Human Trafficking'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 the Laboratory to Combat Human Trafficking'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 Summarized Comparative Information

We previously audited the Laboratory to Combat Human Trafficking's 2024 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 26, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company PllC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

LABORATORY TO COMBAT HUMAN TRAFFICKING

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
Assets		
Cash and cash equivalents	$ 621,784	$ 781,740
Contracts receivable	24,415	21,602
Grants receivable (Note 4)	25,000	50,000
Donations receivable	7,355	17,017
Short-term investments (Note 5)	278,229	268,164
Prepaid expenses	1,266	1,266
Beneficial interest in assets held by others (Note 6)	66,314	59,326
Property and equipment (Note 7)	-	8,804
Total assets	$ 1,024,363	$ 1,207,919
Liabilities and net assets		
Liabilities		
Accounts payable	$ 2,852	$ 6,176
Accrued payroll costs	39,011	49,569
Commitments (Note 8)		
Total liabilities	41,863	55,745
Net assets		
Without donor restrictions		
Undesignated	852,873	1,005,364
With donor restrictions		
Purpose restrictions (Note 9)	63,313	87,484
Endowment (Note 6)	66,314	59,326
Total net assets	982,500	1,152,174
Total liabilities and net assets	$ 1,024,363	$ 1,207,919

The accompanying notes are an integral part of these financial statements

LABORATORY TO COMBAT HUMAN TRAFFICKING

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025				2024
	Without Donor Restrictions	With Donor Restrictions	Endowment	Total	Total
Revenue and other support					
Private grants	$ 376,925	$ 181,500	$ -	$ 558,425	$ 400,555
Individual and board contributions	184,330	-	-	184,330	117,673
Government grants	143,939	-	-	143,939	274,037
Special event	65,544	-	-	65,544	56,632
Less: special event direct expenses	(25,528)	-	-	(25,528)	(16,574)
Interest income	26,337	-	6,988	33,325	49,722
Workplace giving	16,982	-	-	16,982	32,446
Corporate support	8,950	-	-	8,950	5,980
Trainings and honorariums	1,698	-	-	1,698	4,233
In-kind contributions	13,861	-	-	13,861	-
Net assets released from restrictions (Note 10)	205,671	(205,671)	-	-	-
Total revenue and other support	1,018,709	(24,171)	6,988	1,001,526	924,704
Expenses					
Program services	992,416	-	-	992,416	869,844
Supporting services					
Management and general	97,257	-	-	97,257	128,257
Fundraising	81,527	-	-	81,527	83,760
Total expense	1,171,200	-	-	1,171,200	1,081,861
Change in net assets	(152,491)	(24,171)	6,988	(169,674)	(157,157)
Net assets, beginning of year	1,005,364	87,484	59,326	1,152,174	1,309,331
Net assets, end of year	$ 852,873	$ 63,313	$ 66,314	$ 982,500	$ 1,152,174

The accompanying notes are an integral part of these financial statements

LABORATORY TO COMBAT HUMAN TRAFFICKING

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025				2024
		Supporting Services			
	Programs	Management and General	Fund-raising	Total	Total
Salaries	$ 661,751	$ 32,004	$ 40,012	$ 733,767	$ 589,050
Payroll taxes and benefits	106,327	8,107	10,134	124,568	110,951
Marketing and outreach	60,117	672	5,838	66,627	69,780
Accounting fees	1,243	35,708	151	37,102	37,815
Direct fundraising	-	-	25,528	25,528	16,574
Training and leadership development	18,051	-	-	18,051	5,879
Telecomm and internet services	16,572	561	708	17,841	21,267
Occupancy	13,072	1,260	1,593	15,925	19,268
Grant writer	-	-	15,000	15,000	13,000
Subcontractor services	11,668	1,125	1,422	14,215	10,980
Legal fees	-	13,861	-	13,861	-
IT services	12,481	17	21	12,519	22,287
Credit card processing fees	10,249	989	1,249	12,487	8,058
Technology and software	9,835	594	749	11,178	13,817
Evaluation services	10,800	-	-	10,800	25,450
Research	10,600	-	-	10,600	54,637
Travel	10,354	48	61	10,463	17,764
Food and beverage	8,826	593	751	10,170	5,899
Staff and board development	8,821	567	717	10,105	18,801
Printing	4,607	-	-	4,607	3,827
Insurance	3,214	309	392	3,915	5,570
Leadership participant scholarships	3,000	-	-	3,000	1,500
Conferences and meetings	1,780	30	37	1,847	3,372
Indirect fundraising	-	-	1,666	1,666	9,984
Membership dues	930	85	108	1,123	1,864
All other	891	30	38	959	1,681
	985,189	96,560	106,175	1,187,924	1,089,075
Amortization	7,227	697	880	8,804	9,360
	992,416	97,257	107,055	1,196,728	1,098,435
Less expenses included with revenues on the statement of activities					
Cost of direct benefit to donors	-	-	(25,528)	(25,528)	(16,574)
Total expenses	$ 992,416	$ 97,257	$ 81,527	$1,171,200	$ 1,081,861

The accompanying notes are an integral part of these financial statements

LABORATORY TO COMBAT HUMAN TRAFFICKING

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	$ (169,674)	$ (157,157)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Amortization	8,804	9,360
Net(gains)losses on endowment	(6,988)	(4,682)
Changes in operating assets and liabilities		
(Increase)decrease in contracts receivable	(2,813)	34,310
(Increase)decrease in grants receivable	25,000	(50,000)
(Increase)decrease in donations receivable	9,662	(517)
(Increase)decrease in prepaid expenses	-	999
Increase(decrease) in accounts payable	(3,324)	576
Increase(decrease) in payroll accruals	(10,558)	3,418
Net cash provided(used) by operating activities	(149,891)	(163,693)
Cash flows from investing activities		
Reinvestment of interest	(10,065)	(11,935)
Net cash provided(used) by investing activities	(10,065)	(11,935)
Net increase(decrease) in cash and cash equivalents	(159,956)	(175,628)
Cash and cash equivalents, beginning of year	781,740	957,368
Cash and cash equivalents, end of year	$ 621,784	$ 781,740

The accompanying notes are an integral part of these financial statements

NOTE 1 - NATURE OF ACTIVITIES

Laboratory to Combat Human Trafficking (the Organization) was founded in 2005 and became an independent 501(c)(3) in 2009. The Organization is a nonprofit corporation founded under the laws of the State of Colorado. The Organization's mission is driven by a vision to end human trafficking, a severe form of exploitation. They hold the belief that community-led solutions form the pathway to eliminating human exploitation. Towards that end, the Organization:

- Conducts research that contributes data-driven insights to the anti-trafficking movement and advances a comprehensive response.
- Equips human rights leaders with the knowledge, skills and professional development opportunities necessary to elevate their voices within the anti-trafficking movement.
- Supports professional groups and diverse community audiences across Colorado with the knowledge to better understand, recognize and respond to instances of human trafficking.
- Operates a hotline, text line and resource directory that increases access to services for individuals experiencing trafficking.

Since its founding, the Organization has trained over 85,000 professionals and community members; conducted four major research projects to drive action; assumed administration of the statewide 24/7 human trafficking hotline; and supported 219 interns as future human rights leaders.

The Organization is supported primarily by private grants, individual and board contributions, and government grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

   The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

   The financial statements of Laboratory to Combat Human Trafficking have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP) which require the Organization to report its financial position and activities according to the following net asset classifications:

   Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

2. Basis of Presentation (Concluded)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulation regarding how long the contributed asset must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

3. Cash and Cash Equivalents

Cash and cash equivalents are considered to be all unrestricted highly liquid investments with an initial maturity of three months or less, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

4. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

The Organization is funded in part by a contract received from the state government. Expenditures made under the contract are recorded as revenue when incurred. Amounts expended by the Organization prior to reimbursement are recorded as contracts receivable. As of December 31, 2025, management has determined all amounts are fully collectible and expect to be received in 2026.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment of $2,500 or more. The fair value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

The Organization is exempt from Federal and State income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

8. Functional Reporting of Expenses

For the year ended December 31, 2025, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are determined by management on a rational and systematic basis. Salaries and benefits are allocated on a time and effort basis. Occupancy is allocated on a square footage basis. All other expenses are allocated on a time and effort basis.

9. Fair Value Measurements

The Organization follows the provision of the Fair Value Measurements and Disclosures Topic of FASB ASC, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

10. Summarized Prior-Year Information

The financial statements include certain prior-period summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

11. Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

12. Subsequent Events

Management has evaluated subsequent events through May 12, 2026, the date the report was available for distribution.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organizations financial assets available for general expenditures within one year at December 31, 2025:

Description	Amount
Cash and cash equivalents	$ 621,784
Short-term investments	278,229
Contracts, grants, and donations receivable	56,770
Beneficial interest in assets held by others	66,314
	1,023,097
Less amounts not available for general expenditures within one year due to:	
Endowment	(66,314)
Total	$ 956,783

The Organization's goal is generally to maintain financial assets to meet at least six months of operating expenses. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.

NOTE 4 - GRANTS RECEIVABLE

Grants receivable consist of one multi-year award for future funding. Management has evaluated the commitment and does not believe any present value discount is necessary and would be immaterial to these financial statements. Under the terms of the commitment, the remaining $25,000 grant payment is expected to be received in 2026.

NOTE 5 - SHORT-TERM INVESTMENTS

Short-term investments, carried at market value (level 2 inputs), consist of a 7-month certificate of deposit. Interest earned on the certificate of deposit and cash accounts for the year ended December 31, 2025, was $10,065. Additionally, interest earned on cash operating balances was $16,273 for the year.

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization established an endowment fund in 2022 with the Rose Community Foundation (the Foundation) to support the mission and programming of the Organization. Under the terms of the endowment, the contributions are held in perpetuity, and the Organization may take an annual distribution of up to 5%. Distributions are calculated by the Foundation annually in January. The Organization may request distributions at any time during the year from February through December. Any distributions remaining at the end of December will be returned to the fund principal and a new distribution amount will be calculated in January of the new year. The terms of the Foundation's endowment agreement stipulate that all gifts to the Endowment Fund are irrevocable. The endowment fund is the property of the Foundation, and the Foundation has the ultimate authority and control over all property in the endowment fund and the income derived therefrom.

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Concluded)

Uniform Prudent Management of Institutional Funds Act

The Organization follows the guidance of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date absent of explicit donor stipulations to the contrary. As a result of this interpretation, net assets with donor restrictions include (a) original value of the gift donated, (b) original value of subsequent gifts donated, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument.

In accordance with UPMIFA, the Organization will consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

I. The duration and preservation of the fund
II. The purpose of the Organization and the donor-restricted fund
III. General economic conditions
IV. The possible effect of inflation and deflation
V. The expected total return from income and the appreciation of investments
VI. Other available resources
VII. The investment policies of the Organization

The assets in the endowment fund are managed by the Foundation and invested in accordance with the Foundations asset allocation. The returns are based upon the Foundation's returns for investments. Changes in the endowment fund balances (Level 3 inputs) during the year are as follows:

Description	Amount
Balance, beginning of year	$ 59,326
Unrealized and realized gains(losses)	7,789
Administrative expenses	(801)
Net return	6,988
Balance, end of year	$ 66,314

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Description	Amount
Website	$ 43,186
Less: accumulated amortization	(43,186)
Net property and equipment	$ -

Amortization expense during the year was $8,804.

NOTE 8 - COMMITMENTS

The Organization signed a 12-month lease, commencing on November 1, 2025, for program and office space in Denver, Colorado. Future lease obligation payments under the agreement total $13,435.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following program purposes:

Description	Amount
Research	$ 43,750
Hotline and resource directory	16,563
Training and education	3,000
Total	$ 63,313

NOTE 10 - IN-KIND CONTRIBUTIONS

The fair value of donated expert level services included as contributions in the financial statements and corresponding program expenses for the year consist of $13,861 in legal services provided to the organization. The value of the donation was determined by the firm that performed the services. There are no donor restrictions associated with the in-kind services, and they were allocated to supporting services.

The Organization receives donated non-expert level services that are not recorded in the financial statements, as they do not meet the criteria to be recorded. In-kind non-expert level services were received as follows:

Hotline Advocates – Colorado's human trafficking hotline was supported by 52 volunteers in 2025 who donated 19,473 hours for on-call time including responding to callers and texts. Each advocate receives 34 hours of training and continuing education and supports at least one monthly shift to make the hotline and resource directory available to the community 24/7.

Leadership development program interns – The Organization had 11 interns participate in the Leadership Development Program in 2025 over two sessions. Each intern volunteered a minimum of 150 hours supporting various aspects of the Organization's operations including development, communications, training and education, and the hotline.

NOTE 11 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted program purposes:

Description	Amount
Research	$ 91,112
Hotline and resource directory	59,059
Training and education	55,500
Total	$ 205,671

NOTE 12 - RETIREMENT PLAN

The Organization has a Simple IRA retirement plan for employees that meet minimum eligibility requirements. The Organization contributes 3% of eligible employee's compensation. Retirement expense for year was $17,383.

NOTE 13 - CONCENTRATION OF CASH

The Organization places all its cash with two financial institutions. Amounts in excess of $250,000 are not insured by the FDIC or related entity. At year-end, the Organization's uninsured balance at the two financial institutions was approximately $384,450. Management has evaluated its banking needs and the strength of these financial institutions and feels it is in the best long-term interest of the Organization to continue its existing banking relationships.

NOTE 14 - CONCENTRATION OF REVENUE

For the year ended December 31, 2025, approximately 20% of total revenue and other support came from one private grant. The Organization is dependent on this revenue to continue delivering services at its current level.