

Love146, Inc.

**Financial Statements
and
Reports of Independent
Certified Public Accountants**

**For the Year Ended
June 30, 2023 and 2022**

Love146, Inc.
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As of June 30, 2023 and 2022

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Independent Auditor's Report

Board of Directors
Love146, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Love146, Inc., which comprise the statement of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of Love146, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Love146, Inc. 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.

Emphasis of Matter – New Accounting Standard

As discussed in Note 1 to the financial statements, in fiscal year 2023 Love146, Inc. adopted FASB *Leases (Topic 842)*. The amendment has been adopted and applied by Love146, Inc. on a prospective basis. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Love146, Inc.'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 and *Government 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 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 and *Government 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 Love146, Inc'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 Love146, Inc'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Financial Assistance are presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Connecticut Single Audit Act, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Financial Assistance are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023 on our consideration of Love146, Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Love146, Inc's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Love146, Inc's internal control over financial reporting and compliance.



Maletta & Company
Certified Public Accountants

Bristol, Connecticut
November 2, 2023

Love146, Inc.
Statement of Financial Position
As of June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,354,257	\$ 1,424,964
Receivables	316,524	229,541
Prepaid Expenses	125,340	95,082
Total Current Assets	1,796,121	1,749,587
Receivables	148,000	-
Property and Equipment, Net	5,696	6,546
ROU Asset, Operating Leases	299,272	-
Deposits	25,233	9,933
Total Assets	\$ 2,274,322	\$ 1,766,066
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 11,204	\$ 12,327
Accrued Expenses	153,648	131,111
Deferred Revenue	6,000	11,396
Current Portion Lease Liability, Operating Leases	129,425	-
Total Current Liabilities	300,277	154,834
Lease Liability, Operating Leases	171,741	-
Net Assets		
Without Donor Restrictions	1,553,318	1,442,844
With Donor Restrictions	248,986	168,388
Total Net Assets	1,802,304	1,611,232
Total Liabilities and Net Assets	\$ 2,274,322	\$ 1,766,066

*The accompanying notes are an integral
part of these financial statements.*

Love146, Inc.
Statement of Activities
For the Years Ended June 30, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	Without Donor Restrictions	With Donor Restrictions	2022 Total
Revenues and Support						
Contributions	\$ 2,538,126	\$ 229,000	\$ 2,767,126	\$ 2,152,964	\$ 56,000	\$ 2,208,964
In-Kind Contributions	37,453	-	37,453	27,112	-	27,112
Government Grants	2,014,223	-	2,014,223	1,746,094	-	1,746,094
Special Event Revenue	237,206	-	237,206	57,242	-	57,242
Less: Cost of Direct Benefits to Donors	(109,553)	-	(109,553)	-	-	-
Program Service Fees	155,724	-	155,724	183,383	-	183,383
Interest	7,543	-	7,543	396	-	396
Other Income	8,087	-	8,087	26,641	-	26,641
Total Revenues Before Net Assets						
Released from Restrictions	4,888,809	229,000	5,117,809	4,193,832	56,000	4,249,832
Net Assets Released from Restrictions	148,402	(148,402)	-	77,912	(77,912)	-
Total Revenues	5,037,211	80,598	5,117,809	4,271,744	(21,912)	4,249,832
Expenses						
Program Services						
Survivor Care	2,372,051	-	2,372,051	1,889,231	-	1,889,231
Prevention Education	782,726	-	782,726	789,526	-	789,526
Other Programs	327,246	-	327,246	268,998	-	268,998
Total Program Services	3,482,023	-	3,482,023	2,947,755	-	2,947,755
Supporting Services						
General and Administrative	815,105	-	815,105	751,106	-	751,106
Development and Fundraising	629,609	-	629,609	503,786	-	503,786
Total Supporting Services	1,444,714	-	1,444,714	1,254,892	-	1,254,892
Total Expenses	4,926,737	-	4,926,737	4,202,647	-	4,202,647
Change in Net Assets	110,474	80,598	191,072	69,097	(21,912)	47,185
Net Assets, Beginning of Year	1,442,844	168,388	1,611,232	1,373,747	190,300	1,564,047
Net Assets, End of Year	\$ 1,553,318	\$ 248,986	\$ 1,802,304	\$ 1,442,844	\$ 168,388	\$ 1,611,232

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part of these financial statements.*

Love146, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services			Total Programs	Supporting Services		2023 Total
	Survivor Care	Prevention Education	Other Programs		General & Administrative	Development & Fundraising	
Personnel Expenses							
Salaries	\$ 1,337,292	\$ 490,743	\$ 240,260	\$ 2,068,295	\$ 528,772	\$ 379,548	\$ 2,976,615
Fringe Benefits	155,623	50,997	28,958	235,578	69,327	37,007	341,912
Payroll Taxes	115,717	42,464	20,790	178,971	45,755	32,843	257,569
Total Personnel Expenses	1,608,632	584,204	290,008	2,482,844	643,854	449,398	3,576,096
Other Expenses							
Program Expense	178,050	46,005	-	224,055	-	-	224,055
Grant Expense	246,772	-	7,421	254,193	-	-	254,193
Contract Labor	143,149	902	-	144,051	-	20,920	164,971
Travel and Related Expenses	15,848	73,548	5,951	95,347	9,120	33,135	137,602
Occupancy	46,602	38,230	6,045	90,877	23,518	5,574	119,969
Bank Fees	180	1,934	49	2,163	11,258	37,302	50,723
Professional Fees	13,720	13,348	2,496	29,564	99,165	5,971	134,700
Printing and Reproduction	6,240	2,300	3,031	11,571	662	22,003	34,236
Postage	43	1,639	2,055	3,737	634	8,687	13,058
Insurance	53,873	-	-	53,873	13,419	-	67,292
Supplies	7,091	5,084	29	12,204	3,259	2,434	17,897
Telephone	17,191	6,683	379	24,253	2,065	2,174	28,492
Staff Development	13,469	1,769	-	15,238	4,263	1,543	21,044
Depreciation Expense	-	-	-	-	-	3,907	3,907
Office Equipment	10,594	5,090	1,783	17,467	2,256	9,631	29,354
Dues and Subscriptions	2,171	219	-	2,390	976	1,013	4,379
Advertising and Other	8,426	1,771	7,999	18,196	656	25,917	44,769
Total Other Expenses	763,419	198,522	37,238	999,179	171,251	180,211	1,350,641
Total Expenses	\$ 2,372,051	\$ 782,726	\$ 327,246	\$ 3,482,023	\$ 815,105	\$ 629,609	\$ 4,926,737

*The accompanying notes are an integral
part of these financial statements.*

Love146, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services			Total Programs	Supporting Services		2022 Total
	Survivor Care	Prevention Education	Other Programs		General & Administrative	Development & Fundraising	
Personnel Expenses							
Salaries	\$ 1,052,885	\$ 541,132	\$ 192,688	\$ 1,786,705	\$ 493,235	\$ 313,494	\$ 2,593,434
Fringe Benefits	140,013	53,790	27,226	221,029	45,391	31,417	297,837
Payroll Taxes	89,148	46,147	15,740	151,035	41,739	26,358	219,132
Total Personnel Expenses	<u>1,282,046</u>	<u>641,069</u>	<u>235,654</u>	<u>2,158,769</u>	<u>580,365</u>	<u>371,269</u>	<u>3,110,403</u>
Other Expenses							
Program Expense	145,634	20,180	-	165,814	151	-	165,965
Grant Expense	227,971	-	-	227,971	-	-	227,971
Contract Labor	102,721	7,520	12,400	122,641	21,000	7,500	151,141
Travel and Related Expenses	4,615	56,090	1,584	62,289	2,644	10,997	75,930
Occupancy	17,809	35,088	4,874	57,771	13,037	2,412	73,220
Bank Fees	4,955	2,026	55	7,036	12,569	49,492	69,097
Professional Fees	12,388	8,873	4,750	26,011	78,615	8,607	113,233
Printing and Reproduction	724	3,705	1,689	6,118	472	17,870	24,460
Postage	112	1,367	1,481	2,960	289	5,611	8,860
Insurance	45,792	134	93	46,019	14,122	143	60,284
Supplies	4,406	4,080	248	8,734	2,108	1,743	12,585
Telephone	19,744	5,258	77	25,079	3,490	1,433	30,002
Staff Development	11,191	1,387	-	12,578	3,268	1,104	16,950
Depreciation Expense	361	888	-	1,249	4,098	-	5,347
Office Equipment	7,394	1,761	758	9,913	12,576	3,900	26,389
Dues and Subscriptions	1,283	100	-	1,383	301	1,134	2,818
Other	85	-	5,335	5,420	2,001	20,571	27,992
Total Other Expenses	<u>607,185</u>	<u>148,457</u>	<u>33,344</u>	<u>788,986</u>	<u>170,741</u>	<u>132,517</u>	<u>1,092,244</u>
Total Expenses	<u>\$ 1,889,231</u>	<u>\$ 789,526</u>	<u>\$ 268,998</u>	<u>\$ 2,947,755</u>	<u>\$ 751,106</u>	<u>\$ 503,786</u>	<u>\$ 4,202,647</u>

*The accompanying notes are an integral
part of these financial statements.*

Love146, Inc.
Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows Provided by Operating Activities		
Change in Net Assets	\$ 191,072	\$ 47,185
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	3,907	5,347
ROU Asset Amortization	106,977	-
Decrease/(Increase) in Operating Assets		
Receivables	(234,983)	144,946
Prepaid Expenses	(30,258)	(20,745)
Deposits	(15,300)	(8,217)
(Increase)/Decrease in Operating Liabilities		
Accounts Payable	(1,122)	5,265
Accrued Expenses	22,537	6,561
Deferred Revenue	(5,396)	446
Lease Liability, Operating Lease	(105,083)	-
Net Cash Provided by Operating Activities	(67,649)	180,788
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(3,058)	(5,000)
Net Cash Used For Investing Activities	(3,058)	(5,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	(70,707)	175,788
Cash and Cash Equivalents - Beginning	1,424,964	1,249,176
Cash and Cash Equivalents - Ending	\$ 1,354,257	\$ 1,424,964
Supplemental Information		
Cash Paid for Income Taxes	\$ -	\$ -
Cash Paid for Interest	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Love146, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 1 – Organization

Founded in 2002 and incorporated in 2004, Love146, Inc.'s vision is *The end of child trafficking and exploitation. Nothing less.* We believe that making the world a safe place for children is only possible through a bold, broad vision that cannot be achieved by one organization or approach. At Love146, Inc. our mission is to journey alongside children impacted by trafficking today and prevent the trafficking of children tomorrow. In order to realize our mission, Love146, Inc. provides transformative services, develops outcome-focused solutions, and challenges society's response.

As an international organization, Love146, Inc. recognizes that there is no single narrative of what child trafficking looks like. Children are trafficked through commercial sexual exploitation and forced labor. They are victimized in countries of origin, transit, and destination. Their traffickers are family members, strangers, "romantic partners," "friends," and "employers". They are trafficked by single individuals and organized crime groups. Because there is no single form of child trafficking, there is no single model or solution that can bring about the end of child trafficking. Therefore, Love146, Inc. works to eradicate child trafficking through a Children in Communities Model. This model recognizes that trafficking looks different in every community and that trafficking is impacted by communities' complex interconnected ecosystems.

Love146, Inc. currently has programs in the United States, the United Kingdom, and the Philippines. In the United States, Love146, Inc. primarily supports children who are at risk for or have been victims of domestic minor sex trafficking. In the Philippines, Love146, Inc. has served children under the age of one and up past their 18th birthdays, working with those who have been sexually exploited in-person and online. In the United Kingdom, Love146, Inc. worked with foreign national children who have experienced sex and labor trafficking. While this work may initially appear disconnected, it in fact recognizes that child trafficking has no single form and thus no single solution.

In order to fully address child trafficking, multiple replicable models are needed to address the multiple forms in which child trafficking occurs. Collectively, Love146, Inc.'s work is based in our theory of change, and is led and guided by local experts who understand how to implement this theory of change best in their own communities.

Note 2 – Summary of Significant Accounting Policies

Financial Statement Presentation

The accompanying financial statements of Love146, Inc. have been prepared on the accrual basis of accounting. The financial statement presentation follows generally accepted accounting principles for not-for-profit entities. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Love146, Inc. and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Love146, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 2 – Summary of Significant Accounting Policies (Cont'd)

Financial Statement Presentation (cont'd)

Revenues, including promises to give, are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor or grantor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decrease in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles may require management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

Love146, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Love146, Inc. is also exempt from state income taxes. Accordingly, no provision for income taxes has been made in the financial statements. Love146, Inc. is subject to tax on unrelated business income, if incurred, as well as certain state filing fees.

Management of Love146, Inc. has concluded that there are no uncertain tax positions that would require recognition in the financial statements. If Love146, Inc. were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties would be reported as income taxes. Love146, Inc.'s conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations and interpretations thereof as well as other factors. Generally, federal and state authorities may examine the Love146, Inc.'s tax returns for three years from the date of filing.

Cash, Cash Equivalents and Credit Risk

For purposes of the statement of cash flows, Love146, Inc. considers all short-term investments, with a maturity of three months or less when purchased, and money market mutual funds, to be cash equivalents. Cash deposits in banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, amounts of cash and cash equivalents maintained on deposit may be in excess of the FDIC insurance limit. Love146, Inc. has not experienced any losses in such accounts and management believes Love146, Inc. is not exposed to significant risk.

Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are capitalized at cost. It is Love146, Inc.'s policy to capitalize expenditures for these items in excess of \$2,000. Lesser amounts are expensed. Furniture and office equipment are being depreciated over estimated useful lives of three to seven years, using the straight-line method. Leasehold improvements are being amortized over the shorter of the lease term or useful life using the straight-line method.

Government Grants and Contracts

Government grants and contracts are generally considered to be conditional contributions. Revenue from cost-reimbursement grants and contracts is recognized to the extent of costs incurred. Revenue from performance-based grants and contracts is recognized to the extent of performance achieved. Grant and contract receipts in excess of revenue recognized are presented as deferred grant revenue (refundable advances). Grants and contracts receivable represent amounts due from funding organizations for reimbursable expenses incurred.

Love146, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 2 – Summary of Significant Accounting Policies (Cont'd)

Contributions

Unconditional promises to give are recorded as received. Unconditional promises to give due in subsequent years are reflected as current promises to give and are recorded at their net realizable value. Love146, Inc. does not generally have unconditional promises to give receivable over multiple years, but when they occur, they are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the year in which the promises are received to discount the amounts. An allowance for uncollectable contributions is provided based on management's evaluation of potential uncollectable receivables. The allowance for uncollectable contributions is currently \$-0-.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are 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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of Love146, Inc. have been summarized on a functional basis in the accompanying statement of activities, which includes all expenses incurred for the years. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management allocates the direct costs of its operations to its programs and services based upon the percentage of direct labor costs charged to each program and supporting services by Love146, Inc. staff.

Leases

Love146, Inc. leases its facility, vehicles, and may occasionally lease office equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in the statements of financial position.

ROU assets represent Love146, Inc.'s right to use an underlying asset for the lease term, and lease liabilities represent Love146, Inc.'s obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Love146, Inc. has elected to use a risk-free rate as the discount rate by class of underlying asset. Love146, Inc. uses the risk-free rate for all asset classes; however, when the rate implicit in the lease is readily determinable for any individual lease, Love146, Inc. will use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of the fact that Love146, Inc. has made the risk-free rate election. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Love146, Inc.'s lease terms may include options to extend or terminate the lease when it is reasonably certain that Love146, Inc. will exercise the option.

Short-term leases, which are 12 months or less at their commencement date and do not include an option to purchase the underlying asset or extend the lease beyond 12 months, that Love146, Inc. is reasonably certain to exercise, are not recognized as ROU assets.

Love146, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 2 – Summary of Significant Accounting Policies (Cont'd)

Donated Services

Love146, Inc. recognizes donated services if they create or enhance non-financial assets or requires specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition in the financial statement. However, a substantial number of volunteers have donated significant amounts of their time in Love146, Inc.'s operations and fund-raising campaigns.

Compensated Absences

Employees are entitled to paid vacation and sick days depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future paid sick days and time off. Accordingly, no liabilities for these amounts have been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when actually paid to employees.

Date of Management's Review

Subsequent events were considered through November 2, 2023, which is the date the financial statements were available to be issued. Management believes there are no subsequent events having a material impact on the financial statements.

New Accounting Standards

FASB *Leases (Topic 842)*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating and financing leases on the statement of financial position. Love146, Inc. elected to adopt this standard effective July 1, 2022, and utilized all of the available practical expedients. The adoption had a material impact on Love146, Inc.'s statement of financial position but did not have a material impact on the statement of activities. The impact was the recognition of long-term ROU assets and current and long-term lease liabilities for operating leases.

Note 3 – Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023, are as follows:

Financial Assets at Year End	
Cash and Cash Equivalents	\$ 1,354,257
Receivables	316,524
	<u>1,670,781</u>
Less Net Assets With Donor Restrictions	(248,986)
Financial Assets Available for General Expenditures	<u><u>\$ 1,421,795</u></u>

Love146, Inc. regularly monitors liquidity required to meet its operational needs. Love146, Inc. forecasts its future cash flows and strives to budget annual revenue to cover general expenditures, and conducts capital campaigns or seeks specific grant assistance for major capital projects.

Love146, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 4 – Property and Equipment

The following is a detailed list of property and equipment cost and accumulated depreciation as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Leasehold Improvements	\$ 77,887	\$ 77,887
Furniture, Fixtures, and Equipment	129,749	126,692
Total Property & Equipment	<u>207,636</u>	<u>204,579</u>
Accumulated Depreciation	<u>(201,940)</u>	<u>(198,033)</u>
Net Property and Equipment	<u>\$ 5,696</u>	<u>\$ 6,546</u>

Note 5 – Leases

Love146, Inc. leases office space in New Haven, Connecticut under a non-cancelable operating lease which requires increasing monthly payments ranging from \$4,108 to \$4,424 and expires December 31, 2025. Love146, Inc. also leases office space in Spring, Texas under a non-cancelable operating lease with monthly payments ranging from \$2,113 to \$2,241, which expires February 28, 2025. Love146, Inc. also leases office space in Charlotte, North Carolina under a month-to-month lease, with monthly payments of \$1,500. Love146, Inc. also leased office space in Georgia for \$945 per month under an operating lease that was terminated during fiscal year 2023. Additionally, Love146, Inc. leases approximately 20 vehicles for use in its programs, generally under three-year (36 month) lease agreements.

Total lease expense for the year ended June 30, 2023 was \$174,173. Love146, Inc. has elected to apply the short-term lease exception to all leases with a term of one year or less. Love146, Inc.'s short-term lease costs reasonably reflect the ongoing short-term lease commitments.

As of June 30, 2023, the right-of-use (ROU) asset had a total balance of \$299,272, as shown in non-current assets on the statement of financial position; the lease liability is included in current and long-term liabilities totaling \$301,166. The lease asset and liability were calculated utilizing risk-free discount rates, according to Love146, Inc.'s elected policy. No extension options were considered when assessing the value of the ROU assets.

Additional information about the Love146, Inc.'s leases is as follows:

<u>Lease Cost (Included in Expenses)</u>	
Operating Lease Cost	\$ 174,173
Short-term Lease Cost	-
Total Lease Costs	<u>\$ 174,173</u>
<u>Supplemental Cash Flow Information</u>	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Lease	\$ 113,939
Non-cash ROU Assets Obtained in Exchange for Lease Obligations:	
Operating Lease	\$ 405,164
<u>Weighted Average Remaining Lease Term (Years)</u>	
Operating Lease	2.17
<u>Weighted Average Discount Rate</u>	
Operating Lease	3.30%

Love146, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 5 – Leases (Cont'd)

Future maturities of lease liabilities as of June 30, 2023 were as follows:

Year Ending June 30,		
2024	\$	136,974
2025		124,626
2026		50,991
2027		-
2028		-
Thereafter		-
Total Lease Payments		<u>312,591</u>
Less: Interest		<u>(11,425)</u>
Present Value of Lease Payments	\$	<u><u>301,166</u></u>

Total lease expense for the year ended June 30, 2022 was \$108,609. Future minimum operating lease commitments as of June 30, 2022 were follows:

Years Ending June 30,		
2023	\$	139,778
2024		120,471
2025		101,509
2026		-
2027		-
Thereafter		-
	\$	<u><u>361,758</u></u>

Note 6 – Net Assets With Donor Restrictions

As of June 30, 2023 and 2022, net assets with donor restrictions that are temporary in nature are available for the following purposes or time periods:

Purpose	2023	2022
U.S. Survivor Care	\$ 145,000	\$ 25,000
Prevention Education	103,986	143,388
	<u>\$ 248,986</u>	<u>\$ 168,388</u>

Net assets with donor restrictions that were temporary in nature were released from restrictions during the years ended June 30, 2023 and 2022, by incurring expenses satisfying the following restrictions:

Purpose	2023	2022
U.S. Survivor Care	\$ 123,402	\$ 25,000
Prevention Education	25,000	52,912
	<u>\$ 148,402</u>	<u>\$ 77,912</u>

There were no net assets with donor restrictions that were permanent in nature for the years ended June 30, 2023 and 2022.

Love146, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 7 – Related Party Transactions

Love146 (Philippines)

On January 24, 2008, Love146, Inc. (US) entered into an Association Agreement (agreement) with a related party in the Philippines, Love146 (Philippines) to support their mission in the area. The agreement requires, among other things, that Love146 (Philippines) maintain a board of directors and executive director whose appointments must all be ratified by Love146, Inc. (US). The agreement also requires that to ensure coordination with Love146, Inc. (US), Love146 (Philippines) annual proposed budget must be approved by Love146, Inc. (US) prior to adoption. In addition, Love146 (Philippines) shall provide monthly financial reports and quarterly audited financial statements to Love146, Inc.(US).

The initial term of the agreement is five years and has an automatic five-year renewal unless either party provides notice not to renew. The agreement may also terminate if other occurrences occur such as the dissolution of either party, either party submits written cancelation within a certain period of time, loss of tax exempt status by either party or if one party engages in any act that is (1) in violation of the agreement; (2) inconsistent with the ministry of exempt status of any party to this agreement; or (3) which would subject any party to public disrepute.

In addition, the two parties entered into a Trademark License Agreement which grants a non-transferable, exclusive, royalty free license to Love146 (Philippines) to use Trademarks registered with the United States Patent and Trademark Office by Love146, Inc. (US), as long as the Trademark License Agreement and Association Agreement remain in place.

During the years ended June 30, 2023 and 2022 Love146, Inc. provided Love146 (Philippines) with \$246,772 and \$227,971, respectively, in support to fund operations to support their mutual mission.

Love146 (UK)

On March 24, 2010, Love146, Inc. (US) entered into an Affiliation Agreement (Agreement) with a related company in the United Kingdom, Love146 (UK) to support their mission in the UK, with a subsequent addendum in January 2020. The Agreement requires, among other things, that Love146 (UK) maintain a board of directors and executive leadership. In addition, Love146 (UK) and Love146, Inc. (US) agree to complete a Love146 annual plan, produce quarterly programs reports, and agree that all programs be open for Peer Review on an annual basis.

The terms of the January 2020 addendum is five years and has an automatic five-year renewal unless either party provides notice not to renew. The agreement may also terminate if other situations occur such as the dissolution of either party, either party submits written cancelation within a certain period of time, loss of tax exempt status by either party or if organization engages in any act that is (1) in violation of the agreement; (2) inconsistent with the ministry of exempt status of any party to this agreement; or (3) which would subject any party to public disrepute.

In addition, the two parties entered into a Trademark License Agreement, which grants non-transferable, exclusive royalty free license to Love146 (UK) to use Trademarks registered with the United States Patent and Trademark Office by Love146, Inc. (US), as long as the Trademark License Agreement and Association Agreement remain in place.

During the years ended June 30, 2023 and 2022, Love146, Inc. provided Love146 (UK) with \$7,421 and \$-0- in support, respectively. Love146 (UK)'s offices closed as of February 28, 2023 due to a difficult economic climate in the country.

Love146, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 8 – In-Kind Contributions and Donated Services

In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. These amounts have been reported as both contribution revenue and the appropriate functional and natural expense classifications on the statements of activities and functional expenses. In-kind contributions for the year ended June 30, 2023 and 2022 were as follow:

	2023	2022
Survivor Care - Program Expenses - Rapid Response Supplies	\$ 11,235	\$ 12,074
Survivor Care - Contract Labor	13,892	10,336
Prevention Education - Contract Labor	902	-
Prevention Education - Contract Services	-	4,702
Fundraising Event Materials - Red Gala	11,424	-
	\$ 37,453	\$ 27,112

Note 9 – Retirement Plan

Love146, Inc. sponsors a 403b retirement plan for eligible employees. Love146, Inc. provides all of its employees the opportunity to contribute to the pre-tax deferral retirement plan starting on their first day of hire. Beginning in fiscal year 2023 Love146 matches up to 1% of employees' gross salary for employees who are making regular contributions. For the year ended June 30, 2023 the contribution expense was \$10,815.

Note 10 – Concentrations, Risks, Uncertainties

Love146, Inc. receives a substantial amount of its support from contributions and grants by a few major contributors. A significant reduction in the level of this support, if this were to occur, would have a material effect on Love146, Inc.'s programs and activities. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

Love146, Inc. also receives a substantial amount of governmental support through grants and contracts. These government grants and contracts accounted for approximately 39% and 41% of total revenue for the years ended June 30, 2023 and 2022, respectively.



CERTIFIED PUBLIC ACCOUNTANTS

43 Enterprise Drive • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Love146, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Love146, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 2, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Love146, Inc.'s internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Love146, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Love146, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Love146, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive style with a vertical line separating the two parts of the name.

Maletta & Company
Certified Public Accountants

Bristol, Connecticut
November 2, 2023



CERTIFIED PUBLIC ACCOUNTANTS

43 Enterprise Drive • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

**Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
in Accordance with the Uniform Guidance**

Independent Auditor's Report

Board of Directors
Love146, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Love146, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Love146, Inc.'s major federal programs for the year ended June 30, 2023. Love146, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Love146, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Love146, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Love146, Inc. June 30, 2023's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Love146, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Love146, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Love146, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Love146, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Love146, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Love146, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Maletta & Company
Certified Public Accountants

Bristol, Connecticut
November 2, 2023

Love146, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-through/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
<i>Direct programs</i>			
<u>Services for Trafficking Victims</u>	16.320	n/a	\$ 317,408
<u>Preventing Trafficking of Girls</u>	16.035	n/a	132,515
<i>Pass-through programs from</i>			
State of Connecticut Judicial Branch			
<u>Crime Victim Assistance</u>	16.575	2020-V2-GX-0023	415,641
State of Connecticut Office of Policy and Management			
<u>STOP Violence Against Women</u>	16.588	21VWLOVE146	172,039
<u>STOP Violence Against Women</u>	16.588	20VWLOVE146EE	56,569
Total U.S. Department of Justice			1,094,172
U.S. Department of the Treasury			
<i>Pass-through programs from</i>			
State of Connecticut Judicial Branch			
<u>COVID-19 - Coronavirus State and Local Fiscal Recovery Funds</u>	21.027	SLFRPO128	402,049
Total U.S. Department of the Treasury			402,049
U.S. Department of Health and Human Services			
<i>Pass-through programs from</i>			
Dekalk County Board of Education			
<u>Demonstration Grants for Domestic Victims of Human Trafficking</u>	93.327	90TV0042-01-00	128,651
Total U.S. Department of Health and Human Services			128,651
Total Expenditures of Federal Awards			\$ 1,624,872

*See the accompanying notes to the
Schedule of Expenditures of Federal Awards.*

Love146, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Love146, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Love146, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Love146, Inc.

Note B – Summary of Significant Accounting Policies

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Love146, Inc. did not use the 10 percent de minimis indirect cost rate.
3. Pass-through entity identifying numbers are presented where available.

Love146, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit finding disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

Assistance

Listing #	Program Name
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ X Yes No

II. Financial Statement Findings

None

III. Federal Awards Findings

None

Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

Board of Directors
Love146, Inc.

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Love146, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Love146, Inc.'s major state programs for the year ended June 30, 2023. Love146, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Love146, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Love146, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of Love146, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Love146, Inc.'s state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Love146, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Love146, Inc.'s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Love146, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Love146, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of Love146, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Love146, Inc., as of and for the year ended June 30, 2023 and have issued our report thereon dated November 2, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive, flowing style.

Maletta & Company
Certified Public Accountants

Bristol, Connecticut
November 2, 2023

Love146, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2023

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Department of Children and Families Board Care for Children - Foster Therapeutic Case Management and Rapid Response Services for Victims of Human Trafficking	11000-DCF91100-16135	\$ 410,052
Total State Financial Assistance		\$ 410,052

*See the accompanying notes to the
Schedule of Expenditures of State Financial Assistance.*

Love146, Inc.
Notes to Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2023

The accompanying schedule of expenditures of state financial assistance included state grant activity of Love146, Inc. under programs of the State of Connecticut for the fiscal year ended June 30, 2023. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including providing case management and therapeutic services for victims of human trafficking and related crimes through survivor care and prevention education.

1. Summary of Significant Accounting Policies

The accounting policies of Love146, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit agencies.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

Love146, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditor's opinion issued on compliance for major programs: Unmodified

Any audit finding disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? _____ Yes X No

Identification of major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
CT DCF Board and Care for Children-Foster	11000-DCF91100-16135	\$ 410,052

Dollar threshold used to distinguish between type A and type B programs: \$100,000

II. Financial Statement Findings

There were no current year financial statement findings related to state financial assistance programs.

III. State Financial Assistance Findings and Questioned Costs

There were no current year findings or questioned costs relating to state financial assistance programs.