PACIFIC JUSTICE INSTITUTE
AND SUBSIDIARY

FINANCIAL STATEMENTS

MAY 31, 2025
(With comparative financial information for the year ended May 31, 2024)

(With Independent Auditors' Report Thereon)

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PACIFIC JUSTICE INSTITUTE
AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pacific Justice Institute
Sacramento, California

Opinion

We have audited the accompanying consolidated financial statements of Pacific Justice Institute (Institute) and Subsidiary, which comprise the consolidated statement of financial position as of May 31, 2025, and the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pacific Justice Institute and Subsidiary as of May 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 the Institute'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 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 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 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 Institute'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 have previously audited the Institute's May 31, 2024, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2024, is consistent, in all material respects, with the May 31, 2024, audited financial statements from which it has been derived.

KPM Accounting & Management Solutions

KPM Accounting & Management Solutions

San Ramon, California
April 12, 2026

PACIFIC JUSTICE INSTITUTE AND SUBSIDIARY
(A California Nonprofit Corporation)
STATEMENT OF FINANCIAL POSITION
MAY 31, 2025
(with comparative financial information as of May 31, 2024)

ASSETS

	2025	2024
Current Assets:		
Cash and cash equivalents	$ 571,153	$ 1,060,139
Investments (Note 4)	1,671,982	1,598,789
Subsidiary - Pacific Justice Institute, LLC assets (Note 5)	5,650,381	5,368,644
Prepaid expenses	223,986	137,697
Total Current Assets	8,117,502	8,165,269
Noncurrent Assets:		
Furniture, equipment and automobiles, net (Note 7)	7,408	15,870
Asset held for deferred compensation (Note 3)	397,951	326,697
Split-dollar life insurance note receivable - related party (Note 6)	1,000,000	1,000,000
Total Noncurrent Assets	1,405,359	1,342,567
Total Assets	$ 9,522,861	$ 9,507,836

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	$ 455,804	$ 617,034
Note payable	1,630	4,420
Total current liabilities	457,434	621,454
Net Assets:		
Without donor restrictions	9,065,427	8,886,382
Total Liabilities and Net Assets	$ 9,522,861	$ 9,507,836

See accompanying notes to financial statements.

PACIFIC JUSTICE INSTITUTE AND SUBSIDIARY
(A California Nonprofit Corporation)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MAY 31, 2025
(with comparative financial information as of May 31, 2024)

	Without Donor Restrictions	
	2025	**2024**
Support and revenues:		
Contributions	$ 5,773,673	$ 5,317,982
Donated facilities (Note 9)	78,357	78,357
Donated services (Note 9)	525,000	525,000
Special event income	182,354	120,800
Special event expenses	(451,386)	(402,669)
Subsidiary - realized and unrealized gains/(losses)	264,375	110,916
Pacific Justice Institute - Investment income - net	105,618	66,581
Total support and revenues	6,477,991	5,816,967
Expenses:		
Program services:		
Legal services and outreach program	4,775,374	4,266,841
Support services:		
Management and general	1,030,813	924,071
Fundraising	492,759	402,668
Total support services	1,523,572	1,326,739
Total expenses	6,298,946	5,593,580
Change in net assets	179,045	223,387
Net assets, beginning of year	8,886,382	8,662,995
Net assets, end of year	$ 9,065,427	$ 8,886,382

See accompanying notes to financial statements.

PACIFIC JUSTICE INSTITUTE AND SUBSIDIARY
(A California Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2025
(with summarized financial information as of May 31, 2024)

	Legal Services and Outreach Program	Management and General	Fundraising	2025 Totals	2024 Totals
Salaries and wages	$ 2,613,242	$ 489,983	$ 163,328	$ 3,266,553	$ 2,841,159
Payroll taxes	151,381	72,197	9,316	232,894	192,403
Employee benefits	160,540	32,106	8,029	200,675	141,338
Total Personnel	2,925,163	594,286	180,673	3,700,122	3,174,900
Legal services	1,038,358	-	-	1,038,358	1,023,310
Occupancy	63,991	14,580	2,430	81,001	80,837
Printing, materials, & publications	89,886	5,415	12,996	108,297	104,767
Travel	186,747	13,338	66,696	266,781	211,062
Professional fees	47,547	174,337	95,093	316,977	218,567
Postage	57,933	3,714	12,626	74,273	101,178
Telephone	10,264	26,686	4,106	41,056	39,776
Insurance	182	1,547	91	1,820	46,099
Conferences and seminars	5,670	405	2,025	8,100	15,081
Membership dues and subscriptions	101,527	126,909	25,382	253,818	250,124
Computer/Computer supplies	3,334	6,668	1,111	11,113	13,807
Bank fees	-	5,643	425	6,068	9,131
Office supplies	16,075	14,289	5,359	35,723	17,727
Advertising	143,587	-	47,862	191,449	152,123
Grants & other assistance to organizations	18,000	-	-	18,000	5,000
Meal	8,926	22,314	13,389	44,629	33,536
Depreciation	5,077	2,539	846	8,462	8,462
Media studio expenses	26,353	-	8,784	35,137	32,223
Utilities	7,063	7,063	1,570	15,696	5,680
Advisory Board Meeting	6,451	5,806	645	12,902	19,553
Shipping	7,741	1,548	1,032	10,321	10,482
Gifts	-	1,587	1,940	3,527	3,482
Copy, fax and copy services	3,804	1,690	2,958	8,452	6,745
Miscellaneous	-	-	4,010	4,010	3,365
Web consulting and internet	1,671	418	696	2,785	6,158
Interest	24	31	14	69	165
Video/audio equipment	-	-	-	-	240
Total expenses	$ 4,775,374	$ 1,030,813	$ 492,759	$ 6,298,946	$ 5,593,580

See accompanying notes to financial statements.

PACIFIC JUSTICE INSTITUTE AN SUBSIDIARY
(A California Nonprofit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2025
(with comparative financial information as of May 31, 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 179,045	$ 223,387
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	8,462	8,462
Investment income, net	(73,193)	(53,735)
Net realized and unrealized (gain) / loss on investments	-	34,799
Investment write off (4 for One LLC ceased operations)	-	27,023
Subsidiary - PJI Foundation LLC realized/unrealized (gains)/losses	206,722	(197,383)
(Increase) decrease in assets:		
Prepaid expenses	(86,289)	(12,865)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(161,230)	267,932
Net cash provided by operating activities	73,517	297,620
Cash flows from investing activities:		
Subsidiary - PJI Foundation LLC purchases	(2,396,322)	-
Subsidiary - PJI Foundation LLC withdrawals	1,907,863	496,207
Net draws for asset held for deferred compensation	(71,254)	(51,241)
Net cash (used in) / provided by investing activities	(559,713)	444,966
Cash flows from financing activities:		
Note payable payments	(2,790)	(6,697)
Net cash (used in) financing activities	(2,790)	(6,697)
Net (decrease) / increase in cash and cash equivalents	(488,986)	735,889
Cash and cash equivalents, beginning of year	1,060,139	324,250
Cash and cash equivalents, end of year	$ 571,153	$ 1,060,139

See accompanying notes to financial statements.

(1) ORGANIZATION AND NATURE OF ACTIVITIES

(a) Organization and nature of activities

Pacific Justice Institute (the Institute), a nonprofit corporation, is organized under the laws of the State of California for the purpose of providing legal assistance, education, and seminars on Constitutional issues. The Institute is supported primarily through contributions.

Subsidiary

Pacific Justice Institute Foundation, LLC (the Foundation) is a company that was organized by Pacific Justice Institute's (the Institute) board as a nonprofit limited liability company under the laws of the Commonwealth of Virginia. The Institute is the sole member. As a result, the entity is recognized as a disregarded entity for the purpose of the Internal Revenue Code. A disregarded entity is not recognized for tax purposes as an entity separate from its owner. The Institute is responsible for the LLCs activities. When owned by a tax-exempt organization, a nonprofit single-member LLC is also considered to be exempt because of the parent and subsidiary relationship. The Institute receives its tax-exempt status through a determination letter sent by the IRS and the nonprofit subsidiary LLC (the Foundation) is exempt because it is owned by the charitable organization. When a contribution is made to the Foundation it is considered a contribution to the Institute and not the Foundation. The Foundation is combined with the Institute's reporting for the year ended May 31, 2025. (Refer to Note (5))

The purpose for which the Foundation has been formed supports the purpose of the Institute and to receive, maintain and administer assets in perpetuity exclusively for religious, charitable, and educational purposes, including the religious, charitable, and educational purposes of the Institute, within the meaning of §501(c)(3) of the Internal Revenue Code of 1986, as amended, (or any corresponding future Internal Revenue law of the United States) ("Code").

Programs

The legal services and outreach program provide specific assistance to individuals and corporations with an interest in Constitutional issues. These services are provided free of charge. The Institute has created video outreach products and conducts educational seminars to increase public awareness about current cases and issues as they arise.

(2) SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor- imposed restrictions.

(2) SIGNIFICANT ACCOUNTING POLICIES – continued

(b) Basis of Presentation

The Institute's net assets and changes thereto are classified and reported as follows:

- Net assets without donor restrictions – consists of amounts that are available for use in carrying out the supporting activities of the Institute and are not subject to donor-imposed stipulations.
- Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Institute and/or passage of time. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Institute had no net assets with donor restrictions as of May 31, 2025 and 2024.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Institute considers all highly liquid investments available for current use with an initial maturity of 90 days or less to be cash equivalents. Cash and cash equivalents include cash in banks, cash reserves and money market accounts in a brokerage house.

(d) Furniture, Equipment and Automobiles

Furniture, equipment, and automobiles are stated at cost or, if donated, at estimated fair value on the date of the gift. The Institute capitalizes assets with a cost greater than $1,000 and a life expectancy of more than one year. Maintenance and repair costs are expensed as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which are as follows:

Computer equipment	3 years
Automobile and video equipment	5 years
Office equipment and furniture	7 years

Depreciation expense charged to operations was $8,462 for each year ended May 31, 2025 and 2024.

(e) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Institute.

(2) SIGNIFICANT ACCOUNTING POLICIES – continued

(f) Fair Value

The Institute utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Institute determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The carrying value of the Institute's cash, accounts receivable, accounts payable, and line of credit approximated fair value as of May 31, 2025 and 2024.

(g) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(h) Income Taxes

The Institute is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively.

(i) Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

(3) ASSET HELD FOR DEFERRED COMPENSATION

In 2019 management purchased a Section 457(f) deferred compensation plan with a Schwab One Trust deferred compensation account to go along with a plan purchased in 2018 with Ignite Funding. The plans are for an executive employee. The Ignite Funding plan was setup with an initial investment of $42,000. Ignite Funding provides investors with a way to diversify their investment portfolio in Deeds of Trust. The Borrower executes the Promissory Note payable to the Investor (the Institute) with the intent to pay the Institute a certain interest rate on the loaned money, plus repay the principal amount within a specified timeframe. The Institute is recorded as a beneficiary to the property in the event the Borrower defaults on their loan obligation and loses its claim to the property through foreclosure. Principal and interest payments earned by the investor are transferred to the de Section 457(f) upon receipt.

The Ignite Funding Section 457(f) plan will fully vest in ten years (2028) at which time the executive employee will receive the original deposit plus interest earned. If the employee leaves before 2028 he will receive nothing. As of May 31, 2025 and 2024, the combined asset balance of the Ignite Funding and Schwab One Trust account is $397,951 and $326,697, respectively.

(4) INVESTMENTS - FAIR VALUE OF FINANCIAL INSTRUMENTS (ASC 820)

Below are the Company's financial instruments carried at fair value on a recurring basis by ASC 820 fair value hierarchy levels. The marketable securities held by the Institute are classified as trading securities. Any gain or loss due to changes in fair market value are reported on statement of activities.

Marketable Securities	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
May 31, 2025	$ 1,671,982	$ -	$ -	$ 1,671,982
May 31, 2024	$ 1,598,789	$ -	$ -	$ 1,598,789

	May 31, 2025	May 31, 2024
Marketable Securities:		
Sector equity	$ 542,471	$ 580,789
Taxable bond	1,105,756	782,265
U.S. equity	23,755	187,320
International equity	-	48,415
Total Marketable Securities	$ 1,671,982	$ 1,598,789

(5) SUBSIDIARY – PACIFIC JUSTICE FOUNDATION LLC

The Institute formed a nonprofit limited liability Company (LLC) called the Pacific Justice Foundation LLC (Foundation). The Foundation is a subsidiary of the Institute and was formed under the Virginia Limited Liability Company Act provisions of Chapter 12 of Title 13.1 of the Code of Virginia. It is organized for religious, charitable, and educational purposes including but not limited to helping fund the religious, charitable, and educational purposes of its sole member, the Institute. The consolidated reporting shows the assets at market value totaling $5,650,381 and $5,368,644 for the years ended May 31, 2025 and 2024, respectively, in the Statement of Financial Position.

The market values consist of the following categories on May 31,

Category	2025	2024
Sector equity	$ 1,297,264	$ 1,418,661
Taxable bond	4,353,117	3,019,104
International & other equity	-	191,285
U.S. equity	-	739,594
Total including cash	$ 5,650,381	$ 5,368,644

(6) SPLIT-DOLLAR LIFE INSURANCE NOTE RECEIVABLE – RELATED PARTY

On February 23, 2018, the Institute entered into a Split-Dollar loan agreement and a non-Recourse revolving promissory note to fund life insurance payments for the founder of the Institute. The agreement designates the Founder as the owner of the policy and calls for the Institute to pay all premiums on the policy. The Founder as the owner of the policy has sole control over the listed beneficiaries. The loan is subject to a collateral assignment which provides security for the Founder's indebtedness to the Institute arising out of the Premium Advances ("the Liability"). The Liability shall equal the sum of all Premium Advances. The Collateral Assignment shall give the Institute the right to collect an amount equal to the Liability as follows:

- Out of the proceeds of the Contract upon the death of the founder, or
- From the cash value of the Contract if the Contract lapses, or the Contract is surrendered or cancelled before the death of the Founder.

The Note has no interest and the principal balance on the note receivable. The note receivable is due and payable by the Founder upon demand of the Institute or upon the earlier occurring death of the Founder. The Institute and the Founder agree and acknowledge that it is reasonable to expect, that the $1,000,000 including initial premium and advances made under the agreement will be paid in full, and to make and file written representations in the manner prescribed by Treasury Regulation Section 1.7872-15(d)(2).

The Split-Dollar life insurance note receivable – related party has a funded balance of $1,000,000 for the years ended May 31, 2025 and 2024, respectively.

(7) FURNITURE, EQUIPMENT AND AUTOMOBILES

Furniture, equipment, and automobiles on May 31, 2025, and 2024 consist of the following:

	2025	2024
Computer and video equipment	$ 28,764	$ 28,764
Automobile	40,786	40,786
Office equipment and furniture	32,970	32,970
Sub-total	102,520	102,520
Less: accumulated depreciation	(95,112)	(86,650)
Furniture, equipment and automobiles, net	$ 7,408	$ 15,870

(8) AVAILABILITY AND LIQUIDITY

The following represent Pacific Justice Institute's financial assets on May 31, 2025:

Financial assets available to be used within one year:	
Cash and cash equivalents	$ 571,153
Investments	1,671,982
Less amounts not available to be used within one year:	
Restricted cash	(3,820)
Financial assets available to meet general expenditures over the next twelve months.	$ 2,239,318

The Institute's goal is generally to maintain financial assets, which consist of cash and cash equivalents on hand to meet 6 months of normal operating expenses, which are, on average around, $843,816. The remainder can be invested into regular portfolio investments as approved by the Board of Directors. This is discussed regularly in the Board Meetings and requires a vote to transfer funds. In the event of an unanticipated liquidity need, the Board can make a request for a grant from other non-profits with similar goals or the Institute can borrow against the $1,000,000 split-dollar loan or call the proceeds from the loan back.

(9) DONATED SERVICES AND FACILITIES

The Institute received the benefit of contributed office facilities and professional legal services which is reflected in the accompanying Statement of Activities and Changes in Net Assets. The Institute has estimated the approximate fair value of the annual rent to be $78,357 for the years ended May 31, 2025, and 2024. The legal services for each year ending May 31, 2025, and 2024 are estimated at $525,000.

(10) SUBSEQUENT EVENTS

The Institute has evaluated subsequent events through April 12, 2026, the date which the financial statements were available to be issued. No subsequent events were identified that required accrual or disclosure in the financial statements.