

**COALITION TO ABOLISH
SLAVERY & TRAFFICKING**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

COALITION TO ABOLISH SLAVERY & TRAFFICKING

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Coalition to Abolish Slavery & Trafficking

Report on the Financial Statements

We have audited the accompanying financial statements of Coalition to Abolish Slavery & Trafficking (CAST), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAST as of June 30, 2017, 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.

Report on Summarized Comparative Information

We have previously audited CAST's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Board of Directors
Coalition to Abolish Slavery & Trafficking

Other Matters - 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, 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), is presented for purposes of additional analysis 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 information is 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 February 7, 2018 on our consideration of CAST'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 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 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 CAST's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

February 7, 2018
Los Angeles, California

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF FINANCIAL POSITION

June 30, 2017

With Summarized Totals at June 30, 2016

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
ASSETS					
Cash and Cash Equivalents	\$ 100,628	\$ 338,610	\$ 25,000	\$ 464,238	\$ 595,921
Accounts Receivable	399,682	-	-	399,682	602,815
Grants and Contributions Receivable (Net)	57,423	700,000	-	757,423	471,846
Prepaid Expenses and Deposits	101,924	-	-	101,924	83,059
Property and Equipment (Net)	738,403	-	-	738,403	764,405
TOTAL ASSETS	\$ 1,398,060	\$ 1,038,610	\$ 25,000	\$ 2,461,670	\$ 2,518,046
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts Payable	\$ 73,380	\$ -	\$ -	\$ 73,380	\$ 134,428
Accrued Liabilities	204,674	-	-	204,674	157,234
TOTAL LIABILITIES	278,054	-	-	278,054	291,662
NET ASSETS:					
Unrestricted	1,120,006	-	-	1,120,006	1,217,808
Temporarily Restricted	-	1,038,610	-	1,038,610	983,576
Permanently Restricted	-	-	25,000	25,000	25,000
TOTAL NET ASSETS	1,120,006	1,038,610	25,000	2,183,616	2,226,384
TOTAL LIABILITIES AND NET ASSETS	\$ 1,398,060	\$ 1,038,610	\$ 25,000	\$ 2,461,670	\$ 2,518,046

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

With Summarized Totals for the Year Ended June 30, 2016

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUE AND SUPPORT:					
Government Contracts	\$ 1,758,638	\$ -	\$ -	\$ 1,758,638	\$ 1,174,724
Public Support:					
Foundations	55,500	1,043,000	-	1,098,500	1,275,892
Individuals	274,751	-	-	274,751	89,451
In-Kind Donations	653,783	-	-	653,783	1,124,352
Special Events (Net of \$60,520 of Direct Benefit to Donors)	625,313	-	-	625,313	414,448
Other Revenue	5,387	-	-	5,387	34,976
Interest Income	252	-	-	252	2,927
Net Assets Released from:					
Purpose Restrictions	987,966	(987,966)	-	-	-
TOTAL REVENUE AND SUPPORT	4,361,590	55,034	-	4,416,624	4,116,770
EXPENSES:					
Program Services	3,473,865	-	-	3,473,865	3,118,224
Support Services:					
Management and General	390,279	-	-	390,279	451,943
Fundraising	595,248	-	-	595,248	490,896
TOTAL EXPENSES	4,459,392	-	-	4,459,392	4,061,063
CHANGE IN NET ASSETS	(97,802)	55,034	-	(42,768)	55,707
Net Assets - Beginning of Year	1,217,808	983,576	25,000	2,226,384	2,170,677
NET ASSETS - END OF YEAR	\$ 1,120,006	\$ 1,038,610	\$ 25,000	\$ 2,183,616	\$ 2,226,384

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017
With Summarized Totals for the Year Ended June 30, 2016

	2017					2016 Total
	Program Services	Support Services			Total	
		Management and General	Fundraising	Total Support Services		
Salaries	\$ 1,531,767	\$ 127,660	\$ 331,499	\$ 459,159	\$ 1,990,926	\$ 1,468,553
Employee Benefits	232,783	14,149	50,028	64,177	296,960	277,994
Payroll Taxes	124,413	8,577	26,954	35,531	159,944	123,695
TOTAL PERSONNEL COSTS	1,888,963	150,386	408,481	558,867	2,447,830	1,870,242
Program/Client Services	754,348	-	-	-	754,348	1,283,020
Professional Services	409,589	118,791	68,597	187,388	596,977	404,885
Occupancy	135,076	24,635	30,481	55,116	190,192	115,894
Local Parking and Mileage	58,309	4,716	7,419	12,135	70,444	18,392
Travel	52,149	9,923	66	9,989	62,138	80,041
Telephone and Telecommunication	43,014	6,089	9,001	15,090	58,104	44,230
Depreciation	28,381	2,366	6,142	8,508	36,889	25,038
Supplies	30,005	1,860	4,538	6,398	36,403	37,552
Events	-	-	34,828	34,828	34,828	-
Insurance	22,677	2,679	3,995	6,674	29,351	35,216
Bad Debt Expense	-	23,446	-	23,446	23,446	31,348
Printing and Reproduction	8,597	1,816	10,490	12,306	20,903	18,276
Bank and Payroll Processing Fees	2,994	16,052	647	16,699	19,693	8,572
Staff Training/Development	10,010	6,234	876	7,110	17,120	9,140
Postage, Shipping and Delivery	8,683	3,228	2,657	5,885	14,568	14,054
Dues and Subscriptions	6,588	1,690	1,922	3,612	10,200	7,322
Miscellaneous Expenses	1,199	8,160	116	8,276	9,475	7,286
Repairs and Maintenance	5,528	602	2,085	2,687	8,215	5,248
Training and Meetings	1,999	4,180	214	4,394	6,393	5,418
Computer Equipment and Software	2,919	2,521	24	2,545	5,464	17,712
Graphic Design/Media Production	2,511	205	2,625	2,830	5,341	18,236
Recruiting	326	700	44	744	1,070	3,941
TOTAL 2017 FUNCTIONAL EXPENSES	\$ 3,473,865	\$ 390,279	\$ 595,248	\$ 985,527	\$ 4,459,392	
	78%	9%	13%		100%	
TOTAL 2016 FUNCTIONAL EXPENSES	\$ 3,118,224	\$ 451,943	\$ 490,896	\$ 942,839		\$ 4,061,063
	77%	11%	12%			100%

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF CASH FLOWS

Year Ended June 30, 2017

With Summarized Totals for the Year Ended June 30, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (42,768)	\$ 55,707
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Cash Used in Operating Activities:		
Bad Debt Expense	23,446	31,348
Depreciation	36,889	25,038
(Increase) Decrease in:		
Accounts Receivable	203,133	(400,203)
Grants and Contributions Receivable	(309,023)	85,190
Prepaid Expenses and Deposits	(18,865)	(42,897)
Increase (Decrease) in:		
Accounts Payable	(61,048)	76,687
Accrued Liabilities	47,440	51,615
	<u>(120,796)</u>	<u>(117,515)</u>
NET CASH USED IN OPERATING ACTIVITIES	(120,796)	(117,515)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	<u>(10,887)</u>	<u>(51,894)</u>
	(10,887)	(51,894)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(131,683)	(169,409)
Cash and Cash Equivalents - Beginning of Year	<u>595,921</u>	<u>765,330</u>
	595,921	765,330
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 464,238</u>	<u>\$ 595,921</u>

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - ORGANIZATION

The Coalition To Abolish Slavery & Trafficking (CAST), a Los Angeles-based 501(c)(3) nonprofit organization founded in 1998, provides immediate emergency response and comprehensive trauma-informed services to over 350 survivors of human trafficking and their families each year. Through its evidence-driven model of learning from survivors, and in the midst of incredible social awareness, uprising, and change, CAST is a champion of resiliency, empowerment, and movement building, lending its expertise to the crucial dialogue on gender and race equity, immigrant rights, and inclusivity, among other issues which intersect with human trafficking. CAST's mission has never been so relevant and important as it is today.

As an industry leader, CAST has a profound impact in the lives of survivors of human trafficking and the growing network of partner organizations joining the movement to end modern slavery. CAST is the key go-to resource for the Los Angeles community and the country on issues related to human trafficking, and through partnerships with healthcare organizations, government agencies, law enforcement, and business, cultural, and faith-based communities, CAST provides support at every phase of a human trafficking survivor's journey to freedom, including:

- **Hotline and Emergency Response:** CAST's 24-hour hotline provides immediate and around the clock response to victims of trafficking and serves as a resource to the community for referrals, technical assistance and reporting tips regarding potential human trafficking cases. The dedicated emergency response team provides immediate, short-term services to ensure the safety, well-being and rights of victims when they first escape.
- **Housing Program:** The first of its kind in the nation, CAST's transitional shelter- *Mariposa Haven*- provides safe housing for trafficked women and transition-aged youth (TAY) who would otherwise be homeless. Through a host of supportive services, *Mariposa Haven* is a vital part of CAST's continuum of care to help survivors establish safety, healing, and self-sufficiency. Residents are taught skills in conflict resolution, job training, independent living and financial literacy and planning. CAST's housing program has been studied by numerous countries and organizations to replicate its trauma-informed, client-centered model.
- **Comprehensive Case Management:** Utilizing an empowerment approach, the program provides a continuum of care to meet emergency and long term needs of survivors, and is uniquely designed to respond to the diverse needs of human trafficking survivors. Case managers go the extra mile to ensure safety and a clear path to independence; clients are regularly assessed to provide every avenue possible to achieve their goals. Services include basic necessities, supportive counseling, medical and mental health care, education, life skills training, employment, transportation and state and federal benefits coordination. When survivors graduate from CAST, they are self-sufficient and reintegrated into the community.
- **Youth Program:** Recognizing the specialized needs of trafficked minors and transition-aged youth (TAY), CAST provides group activities focused on empowerment, positive experiences, and education; comprehensive case management and advocacy with interventions designed for youth; assistance navigating government systems, such as probation and the Department of Children and Family Services; and internships for TAY to build job skills and professional development through direct work experience and mentoring.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - ORGANIZATION (continued)

- **Survivor Leadership:** CAST's model survivor leadership programs, *Resilient Voices: Los Angeles Survivor Network* (launched in 2003) and the *National Survivor Network* (launched in 2011), bring together over 250 survivors of human trafficking who are empowered to organize and impact policy change. Their voices on policies and public awareness have led to the development of stronger protections for victims in California and federal anti-trafficking laws. By connecting survivors across the country, CAST supports survivors to build leadership capacity, adding value to the field with survivor insights and expertise. The first of its kind in the U.S., the program is preparing to expand internationally to create a survivor network engaging survivors in advocacy and prevention efforts globally.
- **Legal Services:** CAST is one of the only legal services providers in the US that comprehensively assesses and serves the full spectrum of legal services trafficking survivors need. Specializing in immigration, crime victim rights, family law, civil remedies, and criminal victim witness advocacy, our expert team of lawyers win justice for survivors. The legal services program works collaboratively with clients, community-based organizations, public-interest attorneys and numerous government agencies to ensure survivors of human trafficking are provided culturally-sensitive, victim-centered legal representation. Along with CAST's team of 10 full-time attorneys on staff, CAST's pro bono network of attorneys volunteer to take cases and support cutting edge policy initiatives.
- **Advocacy:** Drawing from 20 years of direct experience working with survivors of trafficking, CAST sponsors cutting-edge legislation on victim protections and human trafficking prevention policies, and contributes its expertise to the media. Serving as the go-to resource for policymakers, CAST's public policy agenda centers around survivor experiences and invests in the training of survivors as advocates and leaders to impact systemic change. Trafficking Victims Protection Act, SB657 California Transparency in Supply Chains Act, AB1761 Affirmative Defense for Human Trafficking Survivors, the federal Survivors of Human Trafficking Empowerment Act, and appropriations for \$5M for Specialized Services for Victims of Trafficking are just a few laws that CAST successfully championed.
- **Outreach, Training and Partnerships:** CAST is an internationally recognized leader and resource for corporate social responsibility programs, media, policymakers, law enforcement and philanthropic community to access information about modern slavery. Believing in collective impact, CAST provides education, training and technical assistance to increase identification of victims, expand resources for their care, and end human trafficking in industries where it is prevalent. CAST's commitment to collaboration is demonstrated by a cutting-edge partnership with the L.A. County Sheriff's Department (LASD) to create the *Los Angeles Regional Human Trafficking Task Force*, the largest co-located multi-agency partnership to provide trauma-informed care to trafficking victims and investigate high-priority trafficking crimes. The task force is a model for the nation in the development of comprehensive, proactive and interdisciplinary anti-trafficking strategies between federal and regional partners. Additionally, CAST is a national *Training and Technical Assistance Provider* for attorneys across the country to enable survivors to access critical legal services.

CAST's longstanding commitment to serving all types of survivors of human trafficking is unparalleled. Unlike most other direct service providers, CAST helps survivors move from crisis to independence regardless of type of trafficking, age, gender, sexual orientation, native language or country of origin. CAST's work with survivors spans two decades and provides unique insight into the effectiveness of programs that seek to identify victims, address the unique needs of vulnerable populations (i.e. minors and transition age youth, LGBTQ, immigrants), and provide services to empower survivors at every stage of recovery.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - ORGANIZATION (continued)

In the words of a survivor, "I don't know where I would be without CAST. They kept me safe, and surrounded me with love and services so that today my daughter sees me using my own voice to prevent this from happening to her. Because of CAST, I am strong and I have learned how to trust again."

In 2014, CAST was presented with the Presidential Award for Extraordinary Efforts to Combating Trafficking in Persons. CAST is the first nonprofit recipient of this prestigious award. In 2017, CAST's CEO, Kay Buck, was recognized as Los Angeles' Visionary by C-Suite Quarterly.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of CAST are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Temporarily Restricted.** CAST reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. CAST has \$1,038,610 of temporarily restricted net assets at June 30, 2017.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit CAST to expend all of the income (or other economic benefits) derived from the donated assets. CAST has \$25,000 of permanently restricted net assets at June 30, 2017.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, CAST considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. CAST maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. CAST has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The carrying value of cash and cash equivalents approximates its fair value at June 30, 2017.

(d) ACCOUNTS RECEIVABLE

Accounts receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. Accounts receivable are primarily from governmental agencies. Therefore, no allowance for doubtful accounts receivable has been provided.

(e) GRANTS AND CONTRIBUTIONS RECEIVABLE

Unconditional contributions are recognized as revenues at estimated fair value when the pledge is received. CAST reports unconditional grants and contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. There were no conditional promises to give at June 30, 2017. At June 30, 2017, CAST's management evaluated the collectability of grants and contributions receivable and deemed that an allowance was not considered necessary.

(f) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings	39.5 Years
Computer Equipment	3 Years
Office and Other Equipment	3-6 Years

Expenditures for repairs and maintenance are charged to expense as incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) LONG-LIVED ASSETS

CAST evaluates the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended June 30, 2017.

(h) IN-KIND DONATIONS

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

A substantial number of unpaid volunteers have donated significant amounts of their time to CAST, primarily in the areas of social services, legal services, training and assistance at the CAST shelter. Volunteers provide various forms of assistance to CAST staff members that include administrative support, shelter activity coordination and support, legal research, legal writing and documentation, and certain training/outreach support. Some of the services that these individuals rendered, however, do not meet the above recognition criteria and, as such, are not recognized as revenue.

In-kind donations are summarized as follows for the year ended June 30, 2017:

Legal and Intern Program	\$	565,065
Database Administration		75,000
Other		<u>13,718</u>
TOTAL IN-KIND DONATIONS	\$	<u>653,783</u>

(i) INCOME TAXES

CAST is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

(j) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing CAST's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. CAST uses full time equivalents to allocate indirect costs.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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 that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

(l) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CAST's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

(m) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which establishes a comprehensive revenue recognition standard for virtually all industries following U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) - Deferral of Effective Date*, which deferred the effective date for one year. Accordingly, this ASU will be effective for CAST for the year ending June 30, 2019. CAST is currently evaluating the effect the provisions of ASU 2014-09 will have on its financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the financial statements. For CAST, the ASU will be effective for the year ending June 30, 2021.

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. For CAST, the ASU will be effective for the year ending June 30, 2019.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) SUBSEQUENT EVENTS

CAST has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2017 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through February 7, 2018, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - GRANTS AND CONTRIBUTIONS RECEIVABLE

At June 30, 2017, contributions and pledges receivable are due to be received as follows:

Within One Year	\$ 357,423
One to Five Years	<u>400,000</u>
TOTAL GRANTS AND CONTRIBUTIONS RECEIVABLE	<u>\$ 757,423</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 consists of the following:

Shelter Building	\$ 758,005
Computer Equipment	109,079
Office and Other Equipment	<u>57,125</u>
TOTAL	924,209
Less: Accumulated Depreciation	<u>(185,806)</u>
PROPERTY AND EQUIPMENT (NET)	<u>\$ 738,403</u>

Depreciation expense for the year ended June 30, 2017 was \$36,889.

NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2017 consist of the following:

Accrued Vacation	\$ 101,327
Accrued Payroll	80,695
Other	<u>22,652</u>
TOTAL ACCRUED LIABILITIES	<u>\$ 204,674</u>

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 6 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

CAST leases real property under a non-cancelable operating lease that expires in February 2019. Future minimum lease payments on the non-cancelable operating lease are as follows:

Years Ending June 30

2018	\$	196,936
2019		<u>133,840</u>
TOTAL	\$	<u>330,776</u>

Rent expense for the year ended June 30, 2017 totaled \$190,192.

(b) GOVERNMENT CONTRACTS

CAST's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, CAST has no provisions for the possible disallowance of program costs in its financial statements.

NOTE 7 - EMPLOYEE BENEFIT PLAN

CAST sponsors a 403(b) Thrift Plan (the Plan) for the benefit of its employees, substantially all of whom are eligible to participate after meeting minimum qualifying standards. CAST has elected to make contributions to the Plan on behalf of participating employees, who are at least 21 years of age, for 3% of their eligible compensation. For the year ended June 30, 2017, CAST's matching contribution to the Plan was \$59,009.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 consist of the following:

Support Survivors Caucus Project	\$	619,103
Legal Program		158,230
Transitional-Aged-Youth (TAY)		
Pilot Program		120,142
Time Restricted		100,000
Empowerment Program		34,355
Case Management		<u>6,780</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$	<u>1,038,610</u>

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS

CAST's endowment consists of a fund established by a donor. Investment earnings are to be used for the Seeds of Renewal Program.

CAST's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanently restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

Endowment Net Asset Composition by Type of Fund at June 30, 2017	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	\$ -	\$ 25,000	\$ 25,000
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Changes in Endowment Net Assets for the Year Ended June 30, 2017			
Endowment Net Assets -			
Beginning of Year	\$ -	\$ 25,000	\$ 25,000
Investment Income	-	-	-
<hr/>			
<i>ENDOWMENT NET ASSETS - END OF YEAR</i>	\$ -	\$ 25,000	\$ 25,000
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**COALITION TO ABOLISH
SLAVERY & TRAFFICKING**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2017

COALITION TO ABOLISH SLAVERY & TRAFFICKING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017**

	Contract Number	Federal CFDA Number	Governmental Revenue Federal	Program Expenditures from Governmental Revenue
FEDERAL AWARDS				
Federal Grantor/Passed Through Grantor/Program or Cluster Title				
MAJOR AWARDS				
California Governor's Office of Emergency Services (Cal OES)				
Unserved/Underserved Victim Advocacy & Outreach Program	UV15018656	16.575	130,438	130,438
Unserved/Underserved Victim Advocacy & Outreach Program	UV16028656	16.575	49,742	49,742
Increased Access to Services Program	KU16018656	16.575	7,297	7,297
City of Los Angeles Victim Services (XC) Program	C128813	16.575	41,755	41,755
Victim Legal Assistance (XL) Program	XL16018656	16.575	188,357	188,357
TOTAL MAJOR AWARDS			\$ 417,589	\$ 417,589
NON-MAJOR AWARDS				
U.S. Department of Justice:				
Office for Victims of Crime:				
Comprehensive Services for All Victims of Trafficking	2014-VT-BX-K010	16.320	146,396	146,396
Comprehensive Services for All Victims of Trafficking: Training and Technical Assistance	2015-VT-BX-K029	16.320	234,665	234,665
Comprehensive Services for All Victims of Trafficking: Enhanced Collaborative Model	2015-VT-BX-K005	16.320	264,522	264,522
U.S. Department of Health and Human Services:				
U.S. Committee for Refugees and Immigrants				
National Human Trafficking Victim Assistance	90ZV0123	93.598	50,909	50,909
Administration for Children and Families				
Office of Refugee Resettlement				
Rescue & Restore Victims of Human Trafficking Regional Program	90ZV0111-03-00	93.598	150,000	150,000
U.S. Department of State				
Legal Aid Foundation of Los Angeles (subcontract) February 1, 2016 to January 31, 2019		19.019	59,604	59,604
TOTAL NON-MAJOR AWARDS			906,096	906,096
TOTAL FEDERAL AWARDS			\$ 1,323,685	\$ 1,323,685

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2017:

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of CAST under programs of the Federal government for the year ended June 30, 2017. 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 CAST, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CAST.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

CAST has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

See Independent Auditor's Report