

**COALITION TO ABOLISH
SLAVERY & TRAFFICKING**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

COALITION TO ABOLISH SLAVERY & TRAFFICKING

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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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, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 March 4, 2020 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

March 4, 2020
Los Angeles, California

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF FINANCIAL POSITION
June 30, 2019
With Summarized Totals at June 30, 2018

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
ASSETS				
Cash and Cash Equivalents	\$ 146,778	\$ 202,351	\$ 349,129	\$ 445,460
Accounts Receivable	800,425	-	800,425	628,595
Grants and Contributions Receivable (Net)	283,076	750,000	1,033,076	675,010
Prepaid Expenses and Deposits	120,250	-	120,250	86,302
Property and Equipment (Net)	685,414	-	685,414	719,434
TOTAL ASSETS	\$ 2,035,943	\$ 952,351	\$ 2,988,294	\$ 2,554,801
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable	\$ 160,286	\$ -	\$ 160,286	\$ 129,406
Accrued Liabilities	206,656	-	206,656	226,556
TOTAL LIABILITIES	366,942	-	366,942	355,962
NET ASSETS:				
Without Donor Restrictions	1,669,001	-	1,669,001	1,247,005
With Donor Restrictions	-	952,351	952,351	951,834
TOTAL NET ASSETS	1,669,001	952,351	2,621,352	2,198,839
TOTAL LIABILITIES AND NET ASSETS	\$ 2,035,943	\$ 952,351	\$ 2,988,294	\$ 2,554,801

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

With Summarized Totals for the Year Ended June 30, 2018

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT:				
Government Contracts	\$ 2,747,343	\$ -	\$ 2,747,343	\$ 2,107,776
Public Support:				
Foundations	31,500	485,500	517,000	1,237,053
Individual and Business Contributions	311,503	450,000	761,503	142,397
In-Kind Donations	2,076,859		2,076,859	2,524,601
Special Events (Net of \$58,026 of Direct Benefit to Donors)	682,352	-	682,352	560,547
Other Revenue	9,805	-	9,805	34,594
Net Assets Released from: Purpose Restrictions	934,983	(934,983)	-	-
 TOTAL REVENUE AND SUPPORT	 6,794,345	517	6,794,862	6,606,968
 EXPENSES:				
Program Services	5,531,885	-	5,531,885	5,524,906
Support Services	840,464	-	840,464	1,066,839
 TOTAL EXPENSES	 6,372,349	-	6,372,349	6,591,745
 CHANGE IN NET ASSETS	 421,996	517	422,513	15,223
Net Assets - Beginning of Year	1,247,005	951,834	2,198,839	2,183,616
 NET ASSETS - END OF YEAR	 \$ 1,669,001	\$ 952,351	\$ 2,621,352	\$ 2,198,839

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

With Summarized Totals for the Year Ended June 30, 2018

	2019							2018 Total
	Empowerment Programs	Legal Services	Total Program Services	Support Services			Total	
				Management and General	Fundraising	Total Support Services		
Salaries	\$ 1,298,885	\$ 707,340	\$ 2,006,225	\$ 184,479	\$ 98,556	\$ 283,035	\$ 2,289,260	\$ 1,920,463
Employee Benefits	171,476	92,695	264,171	24,258	13,043	37,301	301,472	293,969
Payroll Taxes	106,866	57,372	164,238	15,746	8,097	23,843	188,081	154,210
TOTAL PERSONNEL COSTS	1,577,227	857,407	2,434,634	224,483	119,696	344,179	2,778,813	2,368,642
Program/Client Services	279,964	1,609,693	1,889,657	-	-	-	1,889,657	2,573,579
Professional Services	247,757	107,828	355,585	256,545	36,648	293,193	648,778	904,385
Occupancy	96,929	337,919	434,848	17,121	9,019	26,140	460,988	198,148
Telephone and Telecommunication	32,161	35,184	67,345	6,088	3,216	9,304	76,649	67,270
Local Parking and Mileage	47,942	17,513	65,455	5,853	1,916	7,769	73,224	68,494
Bad Debt Expense	-	-	-	51,932	-	51,932	51,932	31,720
Supplies	29,530	17,368	46,898	2,003	898	2,901	49,799	32,146
Travel	22,105	25,676	47,781	1,945	-	1,945	49,726	60,811
Events	-	-	-	-	47,848	47,848	47,848	42,805
Depreciation	17,075	19,468	36,543	3,356	1,793	5,149	41,692	40,669
Insurance	13,851	15,793	29,644	2,723	1,455	4,178	33,822	33,999
Miscellaneous Expenses	11,352	1,343	12,695	11,012	30	11,042	23,737	2,505
Graphic Design/Media Production	19,762	666	20,428	-	1,250	1,250	21,678	15,783
Bank and Payroll Processing Fees	-	-	-	18,715	-	18,715	18,715	22,553
Postage, Shipping and Delivery	5,785	10,931	16,716	669	848	1,517	18,233	18,356
Printing and Reproduction	5,496	4,659	10,155	780	5,589	6,369	16,524	19,511
Dues and Subscriptions	3,314	8,446	11,760	294	3,521	3,815	15,575	12,805
Computer Equipment and Software	11,463	1,315	12,778	-	-	-	12,778	9,280
Training and Meetings	6,030	5,095	11,125	832	359	1,191	12,316	12,963
Repairs and Maintenance	8,159	2,425	10,584	418	223	641	11,225	5,037
Recruiting	4,325	4,932	9,257	850	454	1,304	10,561	32,382
Staff Training/Development	4,963	3,034	7,997	34	48	82	8,079	17,902
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 2,445,190	\$ 3,086,695	\$ 5,531,885	\$ 605,653	\$ 234,811	\$ 840,464	\$ 6,372,349	
	38%	48%	86%	10%	4%	14%	100%	
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 1,946,428	\$ 3,578,478	\$ 5,524,906	\$ 475,700	\$ 591,139	\$ 1,066,839		\$ 6,591,745
	30%	54%	84%	7%	9%	16%		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, 2019

With Summarized Totals for the Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 422,513	\$ 15,223
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Bad Debt Expense	51,932	31,720
Depreciation	41,692	40,669
(Increase) Decrease in:		
Accounts Receivable	(171,830)	(228,913)
Grants and Contributions Receivable	(409,998)	50,693
Prepaid Expenses and Deposits	(33,948)	15,622
Increase (Decrease) in:		
Accounts Payable	30,880	56,026
Accrued Liabilities	(19,900)	21,882
	<u>(88,659)</u>	<u>2,922</u>
<i>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</i>		
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchases of Property and Equipment	<u>(7,672)</u>	<u>(21,700)</u>
<i>NET DECREASE IN CASH AND CASH EQUIVALENTS</i>	<u>(96,331)</u>	<u>(18,778)</u>
Cash and Cash Equivalents - Beginning of Year	<u>445,460</u>	<u>464,238</u>
<i>CASH AND CASH EQUIVALENTS - END OF YEAR</i>	<u><u>\$ 349,129</u></u>	<u><u>\$ 445,460</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019

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 more than 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, 2019

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) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets 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-imposed restrictions.
- **Net Assets With Donor Restrictions.** Net assets subject to donor-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.

(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, 2019.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 due 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, 2019. At June 30, 2019, CAST's management evaluated the collectability of grants and contributions receivable and established an allowance for doubtful grants and contributions receivable of \$39,978.

(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.

(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, 2019.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, 2019:

Legal and Intern Program	\$ 1,685,990
Database Administration	150,000
Other	<u>240,869</u>
<i>TOTAL IN-KIND DONATIONS</i>	<u>\$ 2,076,859</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.

(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.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, 2018, from which the summarized information was derived.

(m) NEW ACCOUNTING PRONOUNCEMENTS

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

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. For CAST, the ASU will be effective for the year ending June 30, 2020.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of U.S. GAAP and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASU's between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on principal versus agent considerations, licensing implementation guidance, scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For CAST, the ASU and subsequent amendments will be effective for the year ending June 30, 2020.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) NEW ACCOUNTING PRONOUNCEMENTS (continued)

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 provide additional information about the amounts recorded in the financial statements. For CAST, the ASU will be effective for the year ending June 30, 2022.

(n) SUBSEQUENT EVENTS

CAST has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2019 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through March 4, 2020, 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, 2019, contributions and pledges receivable are due to be received as follows:

Within One Year	\$ 833,076
One to Five Years	<u>150,000</u>
TOTAL GRANTS AND CONTRIBUTIONS RECEIVABLE	<u>\$ 1,033,076</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 consists of the following:

Shelter Building	\$ 779,705
Computer Equipment	116,751
Office and Other Equipment	<u>57,125</u>
TOTAL	953,581
Less: Accumulated Depreciation	<u>(268,167)</u>
PROPERTY AND EQUIPMENT (NET)	<u>\$ 685,414</u>

Depreciation expense for the year ended June 30, 2019 was \$41,692.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2019 consist of the following:

Accrued Vacation	\$	88,197
Accrued Payroll		96,579
Other		21,880
TOTAL ACCRUED LIABILITIES	\$	206,656

NOTE 6 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

CAST leases real property under a non-cancelable operating lease that was extended for 5 years and expires in October 2024. Future minimum lease payments on the non-cancelable operating lease are as follows:

Years Ending June 30

2020	\$	249,932
2021		224,328
2022		224,328
2023		228,815
2024		235,679
Thereafter		79,330
TOTAL	\$	1,242,412

Rent expense, included in occupancy in the statement of functional expenses, for the year ended June 30, 2019 totaled \$209,553.

(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.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019, CAST's matching contribution to the Plan was \$54,062.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets at June 30, 2019 consist of the following:

Subject to Expenditure for Specified Purpose:	
Support Survivors Caucus Project	\$ 224,092
Case Management	123,833
Legal Program	506,244
Other	73,182
Subject to Endowment Spending	
Policy and Appropriation:	
Donor-Restricted Endowment Corpus	<u>25,000</u>
TOTAL NET ASSETS	
WITH DONOR RESTRICTIONS	<u>\$ 952,351</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2019:

Satisfaction of Purpose Restrictions:	
Support Survivors Caucus Project	\$ 206,280
Case Management	177,279
Legal Program	248,781
Transitional-Aged-Youth (TAY)	10,350
Shelter Program	66,333
Empowerment	98,750
Financial Education	50,000
Other	<u>77,210</u>
TOTAL NET ASSETS RELEASED	
FROM DONOR RESTRICTIONS	<u>\$ 934,983</u>

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9 - ENDOWMENT FUNDS

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, 2019	With Donor Restrictions
Donor-Restricted	<u>\$ 25,000</u>

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor requires CAST to retain as a fund of perpetual duration. In accordance with the provisions of Accounting Standards Codification (ASC) Topic No. 958, deficiencies of this nature are reported in net assets with donor restrictions. At June 30, 2019, there were no deficiencies in the endowment funds.

Changes in Endowment Net Assets for the Year Ended June 30, 2019	With Donor Restrictions
Endowment Net Assets - Beginning of Year	\$ 25,000
Contributions	-
Investment Income (Net)	-
Appropriation of Endowment Assets For Expenditure	-
<i>ENDOWMENT NET ASSETS - END OF YEAR</i>	<u>\$ 25,000</u>

NOTE 10 - LINE OF CREDIT

CAST has a revolving line of credit facility with a bank in the amount of \$350,000. The line of credit is secured primarily by cash, cash equivalents, receivables and other assets, and matures on April 15, 2020, with interest at 1.0% above the bank's index rate (5.5% at June 30, 2019). At June 30, 2019 there was no balance outstanding on the line of credit. The line of credit has various covenants with which CAST is in compliance.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by CAST at June 30, 2019 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2019	
Cash and Cash Equivalents	\$ 349,129
Accounts Receivable (Net)	800,425
Contributions and Grants Receivable (Net)	<u>1,033,076</u>
TOTAL FINANCIAL ASSETS AT JUNE 30, 2019	2,182,630
Less Amounts Not Available to Be Used within One Year, Due to:	
Donor-Imposed Restrictions:	
Funds Held for Perpetual Endowments	(25,000)
Funds Held with Purpose Restrictions	(177,351)
Contributions Receivable Restricted by Purpose or Time	<u>(750,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>1,230,279</u>

CAST regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of CAST's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, in order to manage unanticipated liquidity needs, CAST has a line of credit facility of \$350,000.

**COALITION TO ABOLISH
SLAVERY & TRAFFICKING**
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019

COALITION TO ABOLISH SLAVERY & TRAFFICKING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

	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				
U.S. Department of Justice:				
Office for Victims of Crime:				
Comprehensive Services for All Victims of Trafficking:				
Training and Technical Assistance	2015-VT-BX-K029	16.320	\$ 128,338	\$ 128,338
Comprehensive Services for All Victims of Trafficking:				
Enhanced Collaborative Model to Combat Human Trafficking	2015-VT-BX-K005	16.320	86,676	86,676
Comprehensive Services for All Victims of Trafficking:				
Enhanced Collaborative Model to Combat Human Trafficking	2017-VT-BX-K021	16.320	206,747	206,747
Comprehensive Services for All Victims of Trafficking:				
Specialized Housing Services	2018-VT-BX-0014	16.320	14,444	14,444
Comprehensive Services for All Victims of Trafficking:				
Los Angeles Regional Human Trafficking Taskforce	2018-VT-BX-K042	16.320	87,207	87,207
Comprehensive Services for All Victims of Trafficking:				
Training and Technical Assistance on Comprehensive Legal Services	2018-VT-BX-K014	16.320	122,560	122,560
Comprehensive Services for All Victims of Trafficking:				
Trauma-Informed Comprehensive Legal Services and Case Management	2018-VT-BX-0012	16.320	9,546	9,546
 Department of Housing and Urban Development				
City of Los Angeles:				
Community Development Block Grant				
Transitional Shelter	132240	14.218	425,562	425,562
Community Development Block Grant				
Emergency Shelter	1323312	14.218	358,341	358,341
TOTAL MAJOR AWARDS			1,439,421	1,439,421

See Independent Auditor's Report

COALITION TO ABOLISH SLAVERY & TRAFFICKING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

	Contract Number	Federal CFDA Number	Governmental Revenue Federal	Program Expenditures from Governmental Revenue
NON-MAJOR AWARDS				
U.S. Department of Justice:				
Office for Victims of Crime:				
Comprehensive Services for All Victims of Trafficking:				
Human Trafficking Technical Assistance Project	2018-TA-AX-K009	16.526	\$ 49,994	\$ 49,994
U.S. Department of Health and Human Services:				
U.S. Committee for Refugees and Immigrants				
National Human Trafficking Victim Assistance	90ZV0123	93.598	16,198	16,198
U.S. Committee for Refugees and Immigrants				
National Human Trafficking Victim Assistance	90ZV0135,6,7	93.598	7,103	7,103
U.S. Department of State:				
Legal Aid Foundation of Los Angeles (subcontract)				
February 1, 2016 to January 31, 2019		19.019	54,490	54,490
California Governor's Office of Emergency Services (Cal OES)				
Unserved/Underserved Victim Advocacy & Outreach Program	UV16028656	16.575	27,393	27,393
Unserved/Underserved Victim Advocacy & Outreach Program	UV16028656	16.575	115,942	115,942
Increased Access to Services Program	KU16018656	16.575	83,446	83,446
City of Los Angeles Victim Services (XC) Program	C128813	16.575	93,142	93,142
Victim Legal Assistance (XL) Program	XL16018656	16.575	181,256	181,256
Innovative Response to Marginalized Victims	KI17 01 8656	16.575	132,201	132,201
Specialized Emergency Housing Program	KE18 01 8656	16.575	106,921	106,921
TOTAL NON-MAJOR AWARDS			868,086	868,086
TOTAL FEDERAL AWARDS			\$ 2,307,507	\$ 2,307,507

See Independent Auditor's Report

COALITION TO ABOLISH SLAVERY & TRAFFICKING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Contract Number	Federal CFDA Number	Governmental Revenue Federal	Program Expenditures from Governmental Revenue
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Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2019:

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, 2019. 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.

4. Awards to Subrecipients

CAST has not provided any Federal awards to subrecipients from the Federal expenditures presented in the Schedule.

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