

**COALITION TO ABOLISH  
SLAVERY & TRAFFICKING**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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THE GLOBAL ADVISORY  
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AUDIT  
AND  
ASSURANCE

## 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, 2020, 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, 2020, 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.

To the Board of Directors  
Coalition to Abolish Slavery & Trafficking

### **Emphasis of Matter**

As discussed in Note 11 to the financial statements, the recent COVID-19 pandemic in the United States and world-wide has resulted in reduced economic activity and market decline. As the extent and duration of the future impact to CAST are uncertain, no adjustments were necessary to the financial statements, and our opinion is not modified with respect to this matter.

### **Report on Summarized Comparative Information**

We have previously audited CAST's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **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 30, 2021 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 30, 2021  
Los Angeles, California

## COALITION TO ABOLISH SLAVERY & TRAFFICKING

### STATEMENT OF FINANCIAL POSITION June 30, 2020 With Summarized Totals at June 30, 2019

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,425,870	\$ 224,639	\$ 1,650,509	\$ 349,129
Accounts Receivable	1,584,420	-	1,584,420	800,425
Grants and Contributions Receivable	90,918	346,245	437,163	1,033,076
Prepaid Expenses and Deposits	65,446	-	65,446	120,250
Property and Equipment (Net)	656,179	-	656,179	685,414
<b>TOTAL ASSETS</b>	<b>\$ 3,822,833</b>	<b>\$ 570,884</b>	<b>\$ 4,393,717</b>	<b>\$ 2,988,294</b>
 <b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 99,449	\$ -	\$ 99,449	\$ 160,286
Accrued Liabilities	335,706	-	335,706	206,656
Paycheck Protection Program Loan	566,500	-	566,500	-
<b>TOTAL LIABILITIES</b>	<b>1,001,655</b>	<b>-</b>	<b>1,001,655</b>	<b>366,942</b>
<b>NET ASSETS:</b>				
Without Donor Restrictions	2,821,178	-	2,821,178	1,669,001
With Donor Restrictions	-	570,884	570,884	952,351
<b>TOTAL NET ASSETS</b>	<b>2,821,178</b>	<b>570,884</b>	<b>3,392,062</b>	<b>2,621,352</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,822,833</b>	<b>\$ 570,884</b>	<b>\$ 4,393,717</b>	<b>\$ 2,988,294</b>

The Accompanying Notes are an Integral Part of These Financial Statements

## COALITION TO ABOLISH SLAVERY & TRAFFICKING

### STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

With Summarized Totals for the Year Ended June 30, 2019

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE AND SUPPORT:</b>				
Government Contracts	\$ 3,425,202	\$ -	\$ 3,425,202	\$ 2,747,343
Public Support:				
Foundations	433,268	263,732	697,000	517,000
Individual and Business Contributions	1,234,894	150,000	1,384,894	761,503
In-Kind Donations	2,078,713		2,078,713	2,076,859
Special Events (Net)	-	-	-	682,352
Other Revenue	14,023	-	14,023	9,805
Net Assets Released from Donor Restrictions	795,199	(795,199)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	7,981,299	(381,467)	7,599,832	6,794,862
<b>EXPENSES:</b>				
Program Services	5,994,836	-	5,994,836	5,531,885
Support Services	834,286	-	834,286	840,464
<b>TOTAL EXPENSES</b>	6,829,122	-	6,829,122	6,372,349
<b>CHANGE IN NET ASSETS</b>	1,152,177	(381,467)	770,710	422,513
Net Assets - Beginning of Year	1,669,001	952,351	2,621,352	2,198,839
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,821,178</u>	<u>\$ 570,884</u>	<u>\$ 3,392,062</u>	<u>\$ 2,621,352</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

With Summarized Totals for the Year Ended June 30, 2019

	2020							2019 Total
	Empowerment Programs	Legal Services	Total Program Services	Support Services			Total	
				Management and General	Fundraising	Total Support Services		
Salaries	\$ 1,837,639	\$ 535,093	\$ 2,372,732	\$ 112,621	\$ 133,415	\$ 246,036	\$ 2,618,768	\$ 2,289,260
Employee Benefits	227,068	53,582	280,650	20,686	17,544	38,230	318,880	301,472
Payroll Taxes	152,768	44,644	197,412	9,771	7,541	17,312	214,724	188,081
<b>TOTAL PERSONNEL COSTS</b>	<b>2,217,475</b>	<b>633,319</b>	<b>2,850,794</b>	<b>143,078</b>	<b>158,500</b>	<b>301,578</b>	<b>3,152,372</b>	<b>2,778,813</b>
Program and Client Services	297,945	1,695,172	1,993,117	-	-	-	1,993,117	1,889,657
Professional Services	259,446	93,021	352,467	233,674	7,507	241,181	593,648	648,778
Occupancy	339,357	26,243	365,600	31,706	37,585	69,291	434,891	460,988
Bad Debt Expense	-	-	-	110,802	-	110,802	110,802	51,932
Telephone and Telecommunication	57,524	15,354	72,878	3,106	3,679	6,785	79,663	76,649
Computer Equipment and Software	50,077	7,324	57,401	2,620	1,118	3,738	61,139	12,778
Equipment	58,892	-	58,892	-	-	-	58,892	-
Local Parking and Mileage	36,485	8,090	44,575	7,190	6,990	14,180	58,755	73,224
Insurance	26,810	7,798	34,608	1,643	1,946	3,589	38,197	33,822
Supplies	19,098	8,493	27,591	2,548	2,844	5,392	32,983	49,799
Travel	9,812	15,770	25,582	4,715	2,458	7,173	32,755	49,726
Events	2,005	-	2,005	-	28,150	28,150	30,155	47,848
Depreciation	20,520	5,968	26,488	1,258	1,489	2,747	29,235	41,692
Postage, Shipping and Delivery	11,955	3,005	14,960	5,193	5,094	10,287	25,247	18,233
Repairs and Maintenance	13,968	3,036	17,004	1,141	1,352	2,493	19,497	11,225
Bank and Payroll Processing Fees	-	-	-	15,673	-	15,673	15,673	18,715
Training and Meetings	9,480	2,278	11,758	906	356	1,262	13,020	12,316
Other	11,017	-	11,017	1,127	20	1,147	12,164	23,737
Staff Training and Development	6,202	3,738	9,940	720	853	1,573	11,513	8,079
Graphic Design and Media Production	7,002	1,682	8,684	460	729	1,189	9,873	21,678
Printing and Reproduction	2,335	711	3,046	841	4,497	5,338	8,384	16,524
Dues and Subscriptions	-	4,323	4,323	-	500	500	4,823	15,575
Recruiting	1,631	475	2,106	100	118	218	2,324	10,561
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<b>\$ 3,459,036</b>	<b>\$ 2,535,800</b>	<b>\$ 5,994,836</b>	<b>\$ 568,501</b>	<b>\$ 265,785</b>	<b>\$ 834,286</b>	<b>\$ 6,829,122</b>	
	51%	37%	88%	8%	4%	12%	100%	
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b>\$ 2,445,190</b>	<b>\$ 3,086,695</b>	<b>\$ 5,531,885</b>	<b>\$ 605,653</b>	<b>\$ 234,811</b>	<b>\$ 840,464</b>		<b>\$ 6,372,349</b>
	38%	48%	86%	10%	4%	14%		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, 2020

With Summarized Totals for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 770,710	\$ 422,513
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Bad Debt Expense	110,802	51,932
Depreciation	29,235	41,692
(Increase) Decrease in:		
Accounts Receivable	(783,995)	(171,830)
Grants and Contributions Receivable	485,111	(409,998)
Prepaid Expenses and Deposits	54,804	(33,948)
Increase (Decrease) in:		
Accounts Payable	(60,837)	30,880
Accrued Liabilities	129,050	(19,900)
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	734,880	(88,659)
<b>CASH FLOWS USED IN INVESTING ACTIVITY:</b>		
Purchases of Property and Equipment	<hr/> -	<hr/> (7,672)
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITY:</b>		
Proceeds from Paycheck Protection Program Loan	<hr/> 566,500	<hr/> -
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,301,380	(96,331)
Cash and Cash Equivalents - Beginning of Year	<hr/> 349,129	<hr/> 445,460
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<hr/> <u>\$ 1,650,509</u>	<hr/> <u>\$ 349,129</u>

The Accompanying Notes are an Integral Part of These Financial Statements



# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 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.

# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 1 - ORGANIZATION (continued)

- **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.
- **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.

# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 1 - ORGANIZATION (continued)

- **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.

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.

# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 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, 2020.

# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS June 30, 2020

### 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

Contributions, including endowment gifts and pledges, as well as unconditional promises to give, are recognized as revenue in the period promised. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not included as revenue until the conditions on which they depend have been met. There were no conditional promises to give at June 30, 2020.

At June 30, 2020, CAST's management evaluated the collectability of grants and contributions receivable and established that no allowance for doubtful grants and contributions receivable is necessary. Grants and contributions receivable at June 30, 2021 are due in their entirety within one year.

#### (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. Expenditures for property and equipment acquired under certain grant agreements are expensed when incurred because the grantor retains title to such assets.

# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 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, 2020.

#### (h) PAYCHECK PROTECTION PROGRAM LOAN

Management has elected to account for the forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a debt instrument and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan will remain recorded as a liability until either (1) the loan is (in part or wholly) forgiven, or CAST has been legally released or (2) CAST repays the loan to the lender.

#### (i) 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.

# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) IN-KIND DONATIONS (continued)

In-kind donations are summarized as follows for the year ended June 30, 2020:

Legal and Intern Program	\$ 1,731,463
Facility Use	195,000
Database Administration	149,750
Other	<u>2,500</u>
<b>TOTAL IN-KIND DONATIONS</b>	<b><u>\$ 2,078,713</u></b>

#### (j) INCOME TAXES

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

In accordance with the Financial Accounting Standards Board's (FASB's) Accounting Standards Codification Topic No. 740, *Uncertainty in Income Taxes*, CAST recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2020, CAST performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

#### (k) 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.

#### (l) 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, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) 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, 2019, from which the summarized information was derived.

#### (n) NEW ACCOUNTING PRONOUNCEMENTS

In June 2018, FASB issued Accounting Standards Update (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. CAST implemented this ASU during the year ended June 30, 2020.

In May 2014, 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, 2021.



# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) 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, 2023.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For CAST, the ASU will be effective for the year ending June 30, 2022

#### (o) SUBSEQUENT EVENTS

CAST has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2020 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through March 30, 2021, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

### NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 consists of the following:

Shelter Building	\$	779,705
Computer Equipment		116,751
Office and Other Equipment		<u>57,125</u>
<b>TOTAL</b>		953,581
Less: Accumulated Depreciation		<u>(297,402)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	\$	<u>656,179</u>

Depreciation expense for the year ended June 30, 2020 was \$29,235.

# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 4 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2020 consist of the following:

Accrued Vacation	\$	140,334
Accrued Payroll		143,375
Other		<u>51,997</u>
<b>TOTAL ACCRUED LIABILITIES</b>	<b>\$</b>	<b><u>335,706</u></b>

### NOTE 5 - LINE OF CREDIT

CAST has a revolving line of credit facility with a bank in the principal amount of \$350,000. The line of credit is secured primarily by cash, cash equivalents, receivables and other assets, and matures on April 15, 2021, with interest at 1.0% above the bank's index rate (3.25% at June 30, 2020). At June 30, 2020 there was no balance outstanding on the line of credit. The line of credit has various covenants with which CAST is in compliance.

### NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, CAST applied for and received a PPP loan in the amount of \$566,500. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If CAST does not apply for forgiveness within 10 months after the last day of the covered period (defined, at CAST's election, as 24 weeks), such payments will be due that month.

CAST intends to apply for forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period. To the extent that all or part of the PPP loan is not forgiven, CAST will be required to pay interest on the PPP loan at a rate of 1.0% per annum. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

At June 30, 2020 the total outstanding balance of the PPP loan was \$566,500.

# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets at June 30, 2020 consist of the following:

Subject to Expenditure for Specified Purpose:	
Legal Program	\$ 322,458
Other	223,426
Subject to Endowment Spending	
Policy and Appropriation:	
Donor-Restricted Endowment Corpus	<u>25,000</u>
<b>TOTAL NET ASSETS</b>	
<b>WITH DONOR RESTRICTIONS</b>	<u>\$ 570,884</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, 2020:

Satisfaction of Purpose Restrictions:	
Legal Program	\$ 333,786
Support Survivors Caucus Project	216,015
Case Management	123,833
Other	<u>121,565</u>
<b>TOTAL NET ASSETS RELEASED</b>	
<b>FROM DONOR RESTRICTIONS</b>	<u>\$ 795,199</u>

### NOTE 8 - 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.

<b>Endowment Net Asset Composition by</b>	With Donor
<b>Type of Fund At June 30, 2020</b>	<u>Restrictions</u>
Donor-Restricted	<u>\$ 25,000</u>

# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 8 - ENDOWMENT FUNDS (continued)

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, 2020, there were no deficiencies in the endowment funds.

<b>Changes in Endowment Net Assets for the Year Ended June 30, 2020</b>	<b>With Donor Restrictions</b>
Endowment Net Assets -	
Beginning of Year	\$ 25,000
Contributions	-
Investment Return (Net)	-
Appropriation of Endowment Assets For Expenditure	-
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	<b>\$ 25,000</b>

### NOTE 9 - 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, 2020, CAST's matching contribution to the Plan was \$50,942.

### NOTE 10 - COMMITMENTS AND CONTINGENCIES

#### (a) OPERATING LEASES

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

<b>Years Ending June 30</b>	
2021	\$ 224,328
2022	224,328
2023	228,815
2024	235,679
2025	79,330
<b>TOTAL</b>	<b>\$ 992,480</b>

Rent expense, included in occupancy in the statement of functional expenses, for the year ended June 30, 2020 totaled \$226,557.

# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

#### (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 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by CAST at June 30, 2020 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, 2020	
Cash and Cash Equivalents	\$ 1,425,870
Accounts Receivable	1,584,420
Contributions and Grants Receivable	<u>90,918</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<u><u>\$ 3,101,208</u></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.

During the year ended June 30, 2020, an outbreak of a novel strain of coronavirus (COVID-19) surfaced in the United States and throughout the world. This COVID-19 outbreak has caused business disruption which may negatively impact the CAST's fundraising and program services delivery. The disruption is expected to be temporary, however there is considerable uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. While CAST is closely monitoring its operations, liquidity and capital resources, it is also actively working to minimize the current and future impact of this unprecedented situation. The related financial impact and duration of this disruption, however, cannot be reasonably estimated at this time.

**COALITION TO ABOLISH  
SLAVERY & TRAFFICKING**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2020

	Contract Number	Federal CFDA Number	Governmental Revenue Federal	Program Expenditures from Governmental Revenue
<b>FEDERAL AWARDS</b>				
Federal Grantor/Passed Through Grantor/Program or Cluster Title				
<b>MAJOR AWARDS</b>				
<b>Department of Housing and Urban Development</b>				
City of Los Angeles:				
Community Development Block Grant Transitional Shelter	133536	14.218	\$ 435,173	\$ 435,173
Community Development Block Grant Emergency Shelter	133531	14.218	361,887	361,887
<b>TOTAL MAJOR AWARDS</b>			797,060	797,060
<b>NON-MAJOR AWARDS</b>				
<b>U.S. Department of Justice:</b>				
Office for Victims of Crime:				
Comprehensive Services for All Victims of Trafficking: Specialized Housing Services	2018-VT-BX-0014	16.320	92,490	92,490
Comprehensive Services for All Victims of Trafficking: Specialized Services for Victims of Human Trafficking	2019-VT-BX-0066	16.320	24,768	24,768
Comprehensive Services for All Victims of Trafficking: Training and Technical Assistance on Comprehensive Legal Services	2018-VT-BX-K014	16.320	225,916	225,916
Comprehensive Services for All Victims of Trafficking: Enhanced Collaborative Model to Combat Human Trafficking	2017-VT-BX-K021	16.320	441,830	441,830
Comprehensive Services for All Victims of Trafficking: Los Angeles Regional Human Trafficking Taskforce	2018-VT-BX-K042	16.320	241,460	241,460
Comprehensive Services for All Victims of Trafficking: Trauma-Informed Comprehensive Legal Services and Case Management	2018-VT-BX-0012	16.320	19,511	19,511
Comprehensive Services for All Victims of Trafficking: Field-Generated Innovations in Assistance to Victims of Human Trafficking	2019-VT-BX-K011	16.320	50,618	50,618
<b>U.S. Department of Justice:</b>				
Office for Victims of Crime:				
Comprehensive Services for All Victims of Trafficking: Human Trafficking Technical Assistance Project	2018-TA-AX-K009	16.526	113,846	113,846

See Independent Auditor's Report

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2020

	Contract Number	Federal CFDA Number	Governmental Revenue Federal	Program Expenditures from Governmental Revenue
<b>NON-MAJOR AWARDS</b> (continued)				
<b>California Governor's Office of Emergency Services (Cal OES)</b>				
Unserved/Underserved Victim Advocacy & Outreach Program	UV19048656	16.575	\$ 108,510	\$ 108,510
Unserved/Underserved Victim Advocacy & Outreach Program	UV18038656	16.575	16,386	16,386
Increased Access to Services Program	KU16018656	16.575	1,883	1,883
City of Los Angeles Victim Services (XC) Program	C-136378	16.575	53,396	53,396
City of Los Angeles Victim Services (XC) Program	C128813	16.575	40,323	40,323
Victim Legal Assistance (XL) Program	XL19028656	16.575	114,486	114,486
Victim Legal Assistance (XL) Program	XL16018656	16.575	54,893	54,893
Innovative Response to Marginalized Victims	KI19 02 8656	16.575	86,832	86,832
Innovative Response to Marginalized Victims	KI17 01 8656	16.575	42,170	42,170
Specialized Emergency Housing Program	KE19 02 8656	16.575	231,340	231,340
Specialized Emergency Housing Program	KE18 01 8656	16.575	53,638	53,638
			<u>2,014,296</u>	<u>2,014,296</u>
<b>TOTAL NON-MAJOR AWARDS</b>			<u>2,014,296</u>	<u>2,014,296</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 2,811,356</u>	<u>\$ 2,811,356</u>

**Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2020:**

**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, 2020. 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 the cost principles contained in the *Uniform Guidance*, 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.

See Independent Auditor's Report