

**COALITION TO ABOLISH
SLAVERY & TRAFFICKING**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

COALITION TO ABOLISH SLAVERY & TRAFFICKING

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

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, 2021, 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, 2021, 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

Report on Summarized Comparative Information

We have previously audited CAST's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 10, 2022 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 10, 2022
Los Angeles, California

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF FINANCIAL POSITION June 30, 2021 With Summarized Totals at June 30, 2020

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
ASSETS				
Cash and Cash Equivalents	\$ 1,977,098	\$ 410,450	\$ 2,387,548	\$ 1,650,509
Grants and Contracts Receivable (Net)	1,786,083	-	1,786,083	1,584,420
Contributions Receivable (Net)	89,127	50,000	139,127	437,163
Prepaid Expenses, Deposits and Other Assets	222,339	-	222,339	65,446
Property and Equipment (Net)	4,223,619	-	4,223,619	656,179
TOTAL ASSETS	\$ 8,298,266	\$ 460,450	\$ 8,758,716	\$ 4,393,717
 LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable	\$ 205,353	\$ -	\$ 205,353	\$ 99,449
Accrued Liabilities	352,365	-	352,365	335,706
Paycheck Protection Program Loan	566,500	-	566,500	566,500
Note Payable	3,545,227	-	3,545,227	-
TOTAL LIABILITIES	4,669,445	-	4,669,445	1,001,655
NET ASSETS:				
Without Donor Restrictions	3,628,821	-	3,628,821	2,821,178
With Donor Restrictions	-	460,450	460,450	570,884
TOTAL NET ASSETS	3,628,821	460,450	4,089,271	3,392,062
TOTAL LIABILITIES AND NET ASSETS	\$ 8,298,266	\$ 460,450	\$ 8,758,716	\$ 4,393,717

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT:				
Government Contracts	\$ 4,083,724	\$ -	\$ 4,083,724	\$ 3,425,202
Public Support:				
Foundations	626,500	536,732	1,163,232	697,000
Individual and Business Contributions	789,185	200,000	989,185	1,384,894
In-Kind Donations	1,786,974		1,786,974	2,078,713
Other Revenue	4,924	-	4,924	14,023
Net Assets Released from Donor Restrictions	847,166	(847,166)	-	-
TOTAL REVENUE AND SUPPORT	8,138,473	(110,434)	8,028,039	7,599,832
EXPENSES:				
Program Services	6,386,701	-	6,386,701	5,994,836
Support Services	944,129	-	944,129	834,286
TOTAL EXPENSES	7,330,830	-	7,330,830	6,829,122
CHANGE IN NET ASSETS	807,643	(110,434)	697,209	770,710
Net Assets - Beginning of Year	2,821,178	570,884	3,392,062	2,621,352
NET ASSETS - END OF YEAR	<u>\$ 3,628,821</u>	<u>\$ 460,450</u>	<u>\$ 4,089,271</u>	<u>\$ 3,392,062</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, 2021

With Summarized Totals for the Year Ended June 30, 2020

	2021							2020 Total
	Empowerment Programs	Legal Services	Total Program Services	Support Services			Total	
				Management and General	Fundraising	Total Support Services		
Salaries	\$ 1,897,803	\$ 565,438	\$ 2,463,241	\$ 143,994	\$ 203,908	\$ 347,902	\$ 2,811,143	\$ 2,618,768
Employee Benefits	264,617	78,841	343,458	20,078	28,432	48,510	391,968	318,880
Payroll Taxes	152,823	45,533	198,356	11,595	16,420	28,015	226,371	214,724
TOTAL PERSONNEL COSTS	2,315,243	689,812	3,005,055	175,667	248,760	424,427	3,429,482	3,152,372
Professional Services	200,335	58,241	258,576	231,036	5,895	236,931	495,507	593,648
Program and Client Services	906,418	1,649,063	2,555,481	117,233	-	117,233	2,672,714	1,993,117
Occupancy	148,919	44,370	193,289	10,624	15,045	25,669	218,958	434,891
Telephone and Telecommunication	52,280	18,130	70,410	4,720	6,684	11,404	81,814	79,663
Bad Debt Expense	-	-	-	58,571	-	58,571	58,571	110,802
Insurance	34,298	10,219	44,517	2,602	3,685	6,287	50,804	38,197
Computer Equipment and Software	26,548	7,910	34,458	2,014	2,852	4,866	39,324	61,139
Supplies	29,660	8,269	37,929	327	44	371	38,300	32,983
Postage, Shipping and Delivery	18,831	5,704	24,535	4,354	6,125	10,479	35,014	25,247
Depreciation	19,192	5,718	24,910	1,416	2,103	3,519	28,429	29,235
Graphic Design and Media Production	13,074	7,102	20,176	2,984	4,226	7,210	27,386	9,873
Training and Meetings	14,044	9,678	23,722	693	981	1,674	25,396	13,020
Travel	16,243	5,334	21,577	1,104	1,563	2,667	24,244	32,755
Other	12,014	3,579	15,593	1,987	1,291	3,278	18,871	12,164
Staff Training and Development	12,546	3,738	16,284	952	1,348	2,300	18,584	11,513
Bank and Payroll Processing Fees	7,058	2,103	9,161	8,105	758	8,863	18,024	15,673
Events	-	-	-	-	15,052	15,052	15,052	30,155
Dues and Subscriptions	6,207	6,916	13,123	331	468	799	13,922	4,823
Repairs and Maintenance	8,765	2,612	11,377	665	942	1,607	12,984	19,497
Recruiting	5,029	1,499	6,528	382	540	922	7,450	2,324
Equipment	-	-	-	-	-	-	-	58,892
Local Parking and Mileage	-	-	-	-	-	-	-	58,755
Printing and Reproduction	-	-	-	-	-	-	-	8,384
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 3,846,704	\$ 2,539,997	\$ 6,386,701	\$ 625,767	\$ 318,362	\$ 944,129	\$ 7,330,830	
	52%	35%	87%	9%	4%	13%	100%	
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 3,459,036	\$ 2,535,800	\$ 5,994,836	\$ 568,501	\$ 265,785	\$ 834,286		\$ 6,829,122
	51%	37%	88%	8%	4%	12%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 697,209	\$ 770,710
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Bad Debt Expense	58,571	110,802
Depreciation	28,429	29,235
(Increase) Decrease in:		
Grants and Contracts Receivable	(201,663)	(783,995)
Contributions Receivable	239,465	485,111
Prepaid Expenses, Deposits and Other Assets	(156,893)	54,804
Increase (Decrease) in:		
Accounts Payable	105,904	(60,837)
Accrued Liabilities	16,659	129,050
	787,681	734,880
NET CASH PROVIDED BY OPERATING ACTIVITIES	787,681	734,880
CASH FLOWS USED IN INVESTING ACTIVITY:		
Purchases of Property and Equipment	(50,642)	-
CASH FLOWS PROVIDED BY FINANCING ACTIVITY:		
Proceeds from Paycheck Protection Program Loan	-	566,500
	737,039	1,301,380
NET INCREASE IN CASH AND CASH EQUIVALENTS	737,039	1,301,380
Cash and Cash Equivalents - Beginning of Year	1,650,509	349,129
	CASH AND CASH EQUIVALENTS - END OF YEAR	CASH AND CASH EQUIVALENTS - END OF YEAR
	\$ 2,387,548	\$ 1,650,509
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Property Purchased with Issuance of Note Payable	\$ 3,545,227	\$ -

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 emergency shelter-Hummingbird Haven, and its 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, Hummingbird Haven and Mariposa Haven are vital parts 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. In 2020, CAST expanded its housing program to ensure permanent housing stability for survivors; 95% of graduates from CAST's housing program are successfully placed in permanent housing. To ensure safety and health of survivors during the pandemic, CAST made an essential pivot to a hotel to safely house survivors and their families. CAST's housing program has been studied by numerous countries and organizations to replicate its trauma-informed, client-centered model.
- **Comprehensive Community 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, 2021

NOTE 1 - ORGANIZATION (continued)

- **Children and 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 300 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 U.S. 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 24 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 policymakers, media, philanthropy, business and the community. Serving as this go-to resource, 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 are just a few laws that CAST successfully championed. In 2021, CAST advocated successfully for a \$30M state budget request, totaling \$60M over three years for Specialized Services for Victims of Trafficking in California.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 human trafficking. Believing in collective impact, CAST provides education, training and technical assistance to increase identification of victims, expand resources for their care, improve and change systems to better serve survivors, 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 to train county agencies and the child welfare system to identify and protect children who are trafficked; CAST is also a founder of 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. Both the training program and the task force are models 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 and social service providers 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. CAST is a four-star charity, the highest score possible, through Charity Navigator, and awarded GuideStar's Platinum Transparency status in 2022.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) GRANTS AND CONTRACTS RECEIVABLE, REFUNDABLE GRANTS AND CONTRACT ADVANCES, AND RELATED REVENUE RECOGNITION

Grants and contracts 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, represents their estimated net realizable value. The allowance for doubtful accounts, 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. At June 30, 2021, the majority of receivables are due from governmental agencies. Management evaluated the collectability of grants and contracts receivable and determined that an allowance of \$24,000 for uncollectible receivables was necessary.

The majority of CAST's grants and contracts revenue is derived from fee-for-service and cost reimbursement grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Such grants are generally considered nonreciprocal transactions restricted by the awarding agencies for certain purposes. Amounts received are recognized as revenue when CAST has satisfied the specific performance requirements or incurred expenditures in compliance with specific contract or grant provisions. CAST has elected to adopt a policy whereby donor-restricted grants and contracts that were initially conditional and whose conditions and restrictions are met in the same reporting period are recognized as revenue without donor restrictions. Amounts received prior to incurring qualifying expenditures or fulfilling the specific performance obligations are reported as refundable grants and contract advances in the statement of financial position.

(e) 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, 2021.

At June 30, 2021, CAST's management evaluated the collectability of contributions receivable and established that an allowance for doubtful contributions receivable in the amount of \$18,571 was necessary. Contributions receivable at June 30, 2021 are due in their entirety within one year.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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, 2021.

(h) PAYCHECK PROTECTION PROGRAM LOAN

Management 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) was 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 remained recorded as a liability until the loan was fully forgiven and CAST was legally released, as described in Note 6.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

In-kind donations are summarized as follows for the year ended June 30, 2021:

Legal and Intern Program	\$ 1,653,317
Database Administration	112,500
Other	<u>21,157</u>
TOTAL IN-KIND DONATIONS	<u>\$ 1,786,974</u>

(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, 2021, CAST performed an evaluation of uncertain tax positions and did not identify 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.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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, 2020, from which the summarized information was derived.

(n) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, FASB issued Accounting Standards Update (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. CAST implemented this ASU and subsequent amendments during the year ended June 30, 2021. There was no significant impact to CAST's financial statements as a result of the implementation of the ASU, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) NEW ACCOUNTING PRONOUNCEMENTS (continued)

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.

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.

(o) SUBSEQUENT EVENTS

CAST has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2021 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through March 10, 2022, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as described in Note 6.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 consists of the following:

Buildings	\$ 4,375,574
Computer Equipment	40,650
Office and Other Equipment	<u>29,383</u>
TOTAL	4,445,607
Less: Accumulated Depreciation	<u>(221,988)</u>
PROPERTY AND EQUIPMENT (NET)	<u>\$ 4,223,619</u>

Depreciation expense for the year ended June 30, 2021 was \$28,429.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2021 consist of the following:

Accrued Vacation	\$	130,970
Accrued Payroll		179,880
Other		41,515
TOTAL ACCRUED LIABILITIES	\$	352,365

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, 2022, with interest at 1.0% above the bank's index rate (3.25% at June 30, 2021). At June 30, 2021 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), bore interest at a fixed rate of 1.0% per annum, had a term of two years, and was unsecured and guaranteed by the SBA. Interest accrued on the loan beginning with the initial disbursement; however, payments of principal and interest were deferred until the lender's determination of the amount of forgiveness applied for by the borrower was approved by the SBA.

At June 30, 2021, the total outstanding balance of the PPP loan was \$566,500.

CAST applied for forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period, and during September 2021, CAST received notification that the request for forgiveness had been approved in full, including accrued interest of \$7,931.

NOTE 7 - NOTE PAYABLE

In May 2021, CAST entered into an agreement with the City of Los Angeles' Housing and Community Investment Department to provide funding of up to \$4,000,000 for the purpose of purchasing Hummingbird Haven, a temporary, emergency shelter for victims of human trafficking. The note payable, secured by a deed of trust with an interest rate of 0%, is forgivable over a 20-year service payback period, and for each year that CAST provides continuous services, the amortization rate shall be the equivalent of 1/20th of the initial loan amount. Escrow closed on Hummingbird Haven on June 29, 2021 and at June 30, 2021, the balance on the note payable was \$3,545,227.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 consist of the following:

Subject to Expenditure for Specified Purpose:	
Legal Program	\$ 124,930
Survivors' Caucus	79,234
COVID-19/Emergency Response	62,921
Other	168,365
Subject to Endowment Spending	
Policy and Appropriation:	
Donor-Restricted Endowment Corpus	<u>25,000</u>
TOTAL NET ASSETS	
WITH DONOR RESTRICTIONS	<u>\$ 460,450</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, 2021:

Satisfaction of Purpose Restrictions:	
Legal Program	\$ 197,528
COVID-19/Emergency Response	362,788
Survivors' Caucus	120,766
Other	<u>166,084</u>
TOTAL NET ASSETS RELEASED	
FROM DONOR RESTRICTIONS	<u>\$ 847,166</u>

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	With Donor
Type of Fund At June 30, 2021	<u>Restrictions</u>
Donor-Restricted	<u>\$ 25,000</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - 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, 2021, there were no deficiencies in the endowment funds.

Changes in Endowment Net Assets for the Year Ended June 30, 2021	With Donor Restrictions
Endowment Net Assets -	
Beginning of Year	\$ 25,000
Contributions	-
Investment Return (Net)	-
Appropriation of Endowment Assets For Expenditure	-
ENDOWMENT NET ASSETS - END OF YEAR	\$ 25,000

NOTE 10 - 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, 2021, CAST's matching contribution to the Plan was \$68,595.

NOTE 11 - 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:

Years Ending June 30	
2022	\$ 224,328
2023	228,815
2024	235,679
2025	79,330
TOTAL	\$ 768,152

Rent expense, included in occupancy in the statement of functional expenses, for the year ended June 30, 2021 totaled \$207,412.

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NOTES TO FINANCIAL STATEMENTS June 30, 2021

NOTE 11 - COMMITMENTS AND CONTINGENCIES (continued)

(b) GOVERNMENT GRANTS AND 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 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by CAST at June 30, 2021 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, 2021:	
Cash and Cash Equivalents	\$ 1,977,098
Grants and Contracts Receivable	1,786,083
Contributions Receivable	89,127
Other Assets (Refund Receivable)	<u>116,112</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u><u>\$ 4,013,420</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.

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SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

COALITION TO ABOLISH SLAVERY & TRAFFICKING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor/Passed Through Grantor/Program or Cluster Title	Contract Number	Assistance Listing Number	Governmental Revenue Federal	Program Expenditures from Governmental Revenue
FEDERAL AWARDS				
MAJOR AWARDS				
U.S. Department of the Treasury:				
City of Los Angeles:				
COVID-19 - Coronavirus Relief Fund CAST Acquisition - Hummingbird Haven (a)	B-20-MC-06-0523	21.019	\$ 445,227	\$ 445,227
COVID-19 - Coronavirus Relief Fund Project Safe Haven	C-137057	21.019	150,015	150,015
U.S. Department of Justice:				
California Governor's Office of Emergency Services (CalOES):				
Specialized Emergency Housing Program	KE19028656	16.575	66,160	66,160
Specialized Emergency Housing Program	KE20038656	16.575	182,131	182,131
Innovative Response to Marginalized Victims Program	KI19028656	16.575	76,486	76,486
Innovative Response to Marginalized Victims Program	KI20038656	16.575	70,828	70,828
Underserved Victim Advocacy and Outreach Program	UV19048656	16.575	115,407	115,407
Underserved Victim Advocacy and Outreach Program	UV20058656	16.575	115,919	115,919
Legal Assistance Program	XL19028656	16.575	86,368	86,368
Legal Assistance Program	XL20038656	16.575	111,906	111,906
Increased Access to Services Program	KU19018656	16.575	66,854	66,854
XC Victim Advocate Program	C-136378	16.575	39,328	39,328
TOTAL MAJOR AWARDS			\$ 1,526,629	\$ 1,526,629

See Independent Auditor's Report

COALITION TO ABOLISH SLAVERY & TRAFFICKING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2021

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2021:

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, 2021. 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.