

**COALITION TO ABOLISH
SLAVERY & TRAFFICKING**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

COALITION TO ABOLISH SLAVERY & TRAFFICKING

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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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 financial statements of Coalition to Abolish Slavery & Trafficking (CAST), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CAST as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CAST and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CAST's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CAST's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CAST's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited CAST's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Board of Directors
Coalition to Abolish Slavery & Trafficking

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, 2023 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, 2023
Los Angeles, California

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF FINANCIAL POSITION
June 30, 2022
With Summarized Totals at June 30, 2021

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
ASSETS				
Cash and Cash Equivalents	\$ 1,762,251	\$ 290,346	\$ 2,052,597	\$ 2,387,548
Grants and Contracts Receivable (Net)	2,364,028	-	2,364,028	1,786,083
Contributions Receivable (Net)	77,293	750,896	828,189	139,127
Prepaid Expenses, Deposits and Other Assets	129,399	-	129,399	222,339
Property and Equipment (Net)	4,090,229	-	4,090,229	4,223,619
TOTAL ASSETS	\$ 8,423,200	\$ 1,041,242	\$ 9,464,442	\$ 8,758,716
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable	\$ 162,869	\$ -	\$ 162,869	\$ 205,353
Accrued Liabilities	592,993	-	592,993	352,365
Note Payable	3,367,966	-	3,367,966	3,545,227
Paycheck Protection Program Loan	-	-	-	566,500
TOTAL LIABILITIES	4,123,828	-	4,123,828	4,669,445
NET ASSETS:				
Without Donor Restrictions	4,299,372	-	4,299,372	3,628,821
With Donor Restrictions	-	1,041,242	1,041,242	460,450
TOTAL NET ASSETS	4,299,372	1,041,242	5,340,614	4,089,271
TOTAL LIABILITIES AND NET ASSETS	\$ 8,423,200	\$ 1,041,242	\$ 9,464,442	\$ 8,758,716

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

With Summarized Totals for the Year Ended June 30, 2021

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT:				
Government Contracts	\$ 5,601,128	\$ -	\$ 5,601,128	\$ 4,083,724
Public Support:				
Foundations	119,573	1,684,624	1,804,197	1,163,232
Individual and Business Contributions	951,114	-	951,114	989,185
In-Kind Donations	1,342,087	-	1,342,087	1,786,974
Forgiveness of Paycheck Protection Program Loan	566,500	-	566,500	-
Forgiveness of Note Payable	177,261	-	177,261	-
Other	15,661	-	15,661	4,924
Net Assets Released from Donor Restrictions	1,103,832	(1,103,832)	-	-
TOTAL REVENUE AND SUPPORT	9,877,156	580,792	10,457,948	8,028,039
EXPENSES:				
Program Services	7,939,364	-	7,939,364	6,386,701
Support Services	1,267,241	-	1,267,241	944,129
TOTAL EXPENSES	9,206,605	-	9,206,605	7,330,830
CHANGE IN NET ASSETS	670,551	580,792	1,251,343	697,209
Net Assets - Beginning of Year	3,628,821	460,450	4,089,271	3,392,062
NET ASSETS - END OF YEAR	\$ 4,299,372	\$ 1,041,242	\$ 5,340,614	\$ 4,089,271

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022
With Summarized Totals for the Year Ended June 30, 2021

	2022								2021 Total
	Empowerment Programs	Legal Services	Advocacy	Total Program Services	Management and General	Support Services Fundraising	Total Support Services	Total	
Salaries	\$ 2,149,557	\$ 796,053	\$ 8,026	\$ 2,953,636	\$ 208,357	\$ 300,428	\$ 508,785	\$ 3,462,421	\$ 2,811,143
Employee Benefits	333,783	123,611	1,246	458,640	32,354	46,650	79,004	537,644	391,968
Payroll Taxes	165,979	61,468	620	228,067	16,088	23,198	39,286	267,353	226,371
TOTAL PERSONNEL COSTS	2,649,319	981,132	9,892	3,640,343	256,799	370,276	627,075	4,267,418	3,429,482
Program and Client Services	1,792,357	931,806	195,399	2,919,562	117,060	-	117,060	3,036,622	2,672,714
Professional Services	270,408	205,815	1,079	477,302	240,882	25,723	266,605	743,907	495,507
Occupancy	155,182	57,469	579	213,230	13,623	19,643	33,266	246,496	218,958
Depreciation	82,812	30,668	309	113,789	8,027	11,574	19,601	133,390	28,429
Supplies	76,387	38,474	2,139	117,000	8,717	238	8,955	125,955	38,300
Telephone and Telecommunication	73,025	17,306	1,800	92,131	7,702	-	7,702	99,833	81,814
Repairs and Maintenance	59,265	21,948	221	81,434	5,745	8,283	14,028	95,462	12,984
Bad Debt Expense	-	-	-	-	87,355	-	87,355	87,355	58,571
Insurance	35,195	13,034	131	48,360	3,411	4,919	8,330	56,690	50,804
Dues and Subscriptions	10,208	8,125	956	19,289	17,280	9,837	27,117	46,406	13,922
Travel, Local Parking and Mileage	29,936	6,670	244	36,850	4,646	2,236	6,882	43,732	24,244
Other	22,082	8,178	82	30,342	2,140	3,089	5,229	35,571	18,871
Printing, Graphic Design and Media Production	11,960	6,484	157	18,601	1,707	9,096	10,803	29,404	27,386
Staff Training and Development	17,934	6,641	67	24,642	1,738	2,506	4,244	28,886	18,584
Bank and Payroll Processing Fees	7,542	2,793	28	10,363	17,239	1,054	18,293	28,656	18,024
Training and Meetings	11,387	14,452	359	26,198	443	322	765	26,963	25,396
Postage, Shipping and Delivery	18,818	6,544	326	25,688	-	-	-	25,688	35,014
Events	2,952	18,430	42	21,424	-	-	-	21,424	15,052
Computer Equipment and Software	9,664	3,579	36	13,279	937	1,351	2,288	15,567	39,324
Recruiting	6,941	2,570	26	9,537	673	970	1,643	11,180	7,450
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 5,343,374	\$ 2,382,118	\$ 213,872	\$ 7,939,364	\$ 796,124	\$ 471,117	\$ 1,267,241	\$ 9,206,605	
	58%	26%	2%	86%	9%	5%	14%	100%	
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 3,846,704	\$ 2,371,196	\$ 168,801	\$ 6,386,701	\$ 625,767	\$ 318,362	\$ 944,129		\$ 7,330,830
	52%	32%	2%	86%	9%	5%	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, 2022

With Summarized Totals for the Year Ended June 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,251,343	\$ 697,209
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Forgiveness of Note Payable	(177,261)	-
Forgiveness of Paycheck Protection Program Loan	(566,500)	-
Bad Debt Expense	87,355	58,571
Depreciation	133,390	28,429
(Increase) Decrease in:		
Grants and Contracts Receivable	(665,300)	(201,663)
Contributions Receivable	(689,062)	239,465
Prepaid Expenses and Deposits	92,940	(156,893)
Increase (Decrease) in:		
Accounts Payable	(42,484)	105,904
Accrued Liabilities	240,628	16,659
	<hr/>	<hr/>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(334,951)	787,681
CASH FLOWS USED IN INVESTING ACTIVITY:		
Purchases of Property and Equipment	<hr/> -	<hr/> (50,642)
	<hr/>	<hr/>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(334,951)	737,039
Cash and Cash Equivalents - Beginning of Year	<hr/> 2,387,548	<hr/> 1,650,509
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,052,597</u></u>	<u><u>\$ 2,387,548</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Property Purchased with Issuance of Note Payable	<u><u>\$ -</u></u>	<u><u>\$ 3,545,227</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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. CAST's housing program has been studied by numerous countries and organizations to replicate its trauma-informed, client-centered model. Providing a continuum of housing services, CAST also began its Rapid Re-Housing Program in 2020, which supports survivors of trafficking with finding a permanent home with rental assistance and dedicated case management.
- **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, 2022

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 survivors of human trafficking from around the United States 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.
- **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, CAST's 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 25 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. In 2022, 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, 2022

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. 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. 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, 2022

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, 2022.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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, 2022, the majority of receivables are due from governmental agencies. Management evaluated the collectability of grants and contracts receivable and determined that an allowance of \$79,018 for uncollectible receivables were 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. There were no refundable grants or contract advances at June 30, 2022.

(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 significant conditional promises to give at June 30, 2022.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) CONTRIBUTIONS RECEIVABLE (continued)

At June 30, 2022, CAST's management evaluated the collectability of grants and contributions receivable and established that an allowance for doubtful contributions receivable was not necessary. Contributions receivable at June 30, 2022 are due as follows:

Years Ending June 30

2023	\$	648,189
2024		<u>180,000</u>
TOTAL	\$	<u>828,189</u>

(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, 2022.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) PAYCHECK PROTECTION PROGRAM LOAN

CAST 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.

(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, 2022:

Category	Valuation	Amount
Legal and Intern Program	Standard Hourly Rates	\$ 1,024,620
Database Administration	Standard Hourly Rates	112,500
Policy Work	Standard Hourly Rates	195,399
Other	Standard Hourly Rates	9,568
TOTAL IN-KIND DONATIONS		\$ 1,342,087

There are no restrictions on contributed services received from donors. Expenses associated with in-kind donations are used toward both program services and support services and are allocated in line with the method used for other expenses reported on the statement of functional expenses.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, 2022, 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.

(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, 2021, from which the summarized information was derived.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) NEW ACCOUNTING PRONOUNCEMENTS

In September 2021, FASB issued Accounting Standards Update (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. CAST implemented this ASU during the year ended June 30, 2022. There was no significant impact to CAST's financial statements as a result of the implementation of this ASU. The presentation and disclosures of in-kind donations have been enhanced in accordance with this ASU.

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, 2022 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through March 30, 2023, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 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>(355,378)</u>
PROPERTY AND EQUIPMENT (NET)	<u>\$ 4,090,229</u>

Depreciation expense for the year ended June 30, 2022 was \$133,390.

NOTE 4 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2022 consist of the following:

Accrued Vacation	\$ 158,601
Accrued Payroll and Benefits	213,772
Other	<u>220,620</u>
TOTAL ACCRUED LIABILITIES	<u>\$ 592,993</u>

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, 2023, with interest at 1.0% above the bank's index rate (4.75% at June 30, 2022). At June 30, 2022, 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.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS June 30, 2022

NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN (continued)

CAST applied for forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period, and received notification that the request for forgiveness had been approved in full during September 2021. Forgiveness income of \$566,500 has accordingly been reflected in the statement of activities for the year ended June 30, 2022.

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 paycheck 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. At June 30, 2022, the balance of the note payable was \$3,367,966, with forgiveness income of \$177,261 reflected in the statement of activities for the year ended June 30, 2022.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 consist of the following:

Subject to Expenditure for Specified Purpose:	
Survivor Leadership Programs	\$ 823,987
Health Care	108,396
Legal and Policy Programs	64,467
Other	19,392
Subject to Endowment Spending	
Policy and Appropriation:	
Donor-Restricted Endowment Corpus	<u>25,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,041,242</u>

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

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, 2022:

Satisfaction of Purpose Restrictions:	
Survivor Leadership Programs	\$ 571,971
Legal and Policy Programs	130,464
Emergency Services	169,100
Youth Programs	121,762
Health Care	74,224
Other	36,311
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 1,103,832

NOTE 9 - ENDOWMENT FUNDS

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

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

Endowment Net Asset Composition by Type of Fund At June 30, 2022	With Donor Restrictions
Donor-Restricted	\$ 25,000

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, 2022, there were no deficiencies in the endowment funds.

Changes in Endowment Net Assets for the Year Ended June 30, 2022	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

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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, 2022, CAST's matching contribution to the Plan was \$103,668.

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	
2023	\$ 228,815
2024	235,679
2025	<u>79,330</u>
TOTAL	<u>\$ 543,824</u>

Rent expense, included in occupancy in the statement of functional expenses, for the year ended June 30, 2022 totaled \$226,383.

(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.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO FINANCIAL STATEMENTS June 30, 2022

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by CAST at June 30, 2022 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, 2022: (Without Donor Restrictions)	
Cash and Cash Equivalents	\$ 1,762,251
Grants and Contracts Receivable	2,364,028
Contributions Receivable	<u>77,293</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 4,203,572</u>

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

**COALITION TO ABOLISH
SLAVERY & TRAFFICKING**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

COALITION TO ABOLISH SLAVERY & TRAFFICKING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

FEDERAL AWARDS	Contract Number	Federal Assistance Listing Number	Governmental Revenue Federal	Program Expenditures from Governmental Revenue	Paid to Subrecipients
Federal Grantor/Passed Through Grantor/Program or Cluster Title					
MAJOR AWARDS					
U.S. Department of Justice:					
Office for Victims of Crime:					
Services for Trafficking Victims:					
Specialized Housing Services	2018-VT-BX-0014	16.320	\$ 172,096	\$ 172,096	\$ -
Services for Trafficking Victims:					
Specialized Services for Victims of Human Trafficking	2019-VT-BX-0066	16.320	293,244	293,244	-
Services for Trafficking Victims:					
Housing Assistance and Support Services to Survivors	2020-VT-BX-0023	16.320	383,873	383,873	-
Services for Trafficking Victims:					
Training and Technical Assistance on Comprehensive Legal Services	2018-VT-BX-K014	16.320	371,917	371,917	29,511
Services for Trafficking Victims:					
Los Angeles Regional Human Trafficking Taskforce	2018-VT-BX-K042	16.320	207,506	207,506	-
Services for Trafficking Victims:					
Comprehensive Service Needs of Victims of Human Trafficking in Los Angeles	15POVC-21-GG-04219-HT	16.320	190,233	190,233	-
Services for Trafficking Victims:					
Transitional Housing Assistance for Victims of Human Trafficking in Los Angeles	15POVC-21-GG-03943-HT	16.320	176,930	176,930	-
Pass-through, Dignity Health					
Services for Trafficking Victims:					
Field-Generated Innovations in Assistance to Victims of Human Trafficking	2019-VT-BX-K011	16.320	97,927	97,927	-
Los Angeles Center for Law and Justice					
Services for Trafficking Victims:	2018-VT-BX-0012	16.320	1,284	1,284	-
Total 16.320			<u>1,895,010</u>	<u>1,895,010</u>	<u>29,511</u>
TOTAL MAJOR AWARDS			<u>\$ 1,895,010</u>	<u>\$ 1,895,010</u>	<u>\$ 29,511</u>

See Independent Auditor's Report

COALITION TO ABOLISH SLAVERY & TRAFFICKING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

	Contract Number	Federal Assistance Listing Number	Governmental Revenue Federal	Program Expenditures from Governmental Revenue	Paid to Subrecipients
NON-MAJOR AWARDS					
U.S. Department of Treasury:					
City of Los Angeles:					
COVID-19 - Coronavirus Relief Fund	B-20-MC-06-0523	21.019	\$ 445,227	\$ 445,227	\$ -
U.S. Department of Justice:					
California Governor's Office of Emergency Services (CalOES):					
Specialized Emergency Housing Program	KE21048656	16.575	238,000	238,000	-
Specialized Emergency Housing Program	KE20038656	16.575	124,253	124,253	-
Innovative Response to Marginalized Victims Program	KI20038656	16.575	104,422	104,422	-
Innovative Response to Marginalized Victims Program	KI21028656	16.575	104,628	104,628	-
Underserved Victim Advocacy & Outreach Program	UV20058656	16.575	112,030	112,030	-
Underserved Victim Advocacy & Outreach Program	UV21048656	16.575	117,381	117,381	-
Legal Assistance Program	XL20038656	16.575	94,053	94,053	-
Legal Assistance Program	XL21028656	16.575	101,713	101,713	-
Total 16.575			996,480	996,480	-
Office for Violence Against Women:					
Human Trafficking Technical Assistance Project	2018-TA-AX-K009	16.526	176,521	176,521	-
Total U.S. Department of Justice			1,173,001	1,173,001	-
U.S. Department of Health and Human Services:					
City of Los Angeles					
COVID-19 - Community Development Block Grant - CARES	C-137367	93.569	246,088	246,088	-
U.S. Department of Housing and Urban Development:					
City of Los Angeles					
Survivors First Homelessness Prevention Program	C-138917	14.218	574,582	574,582	-
Community Development Block Grant - CAST Acquisition - Hummingbird Haven (a)	B-20-MC-06-0523	14.218	3,100,000	3,100,000	-
Total U.S. Department of Housing and Urban Development, CDBG-Entitlement Grants Cluster			3,674,582	3,674,582	
TOTAL NON-MAJOR AWARDS			5,538,898	5,538,898	-
TOTAL FEDERAL AWARDS			\$ 7,433,908	\$ 7,433,908	\$ 29,511

(a) Federal loan program

See Independent Auditor's Report

COALITION TO ABOLISH SLAVERY & TRAFFICKING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2022:

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, 2022. 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. Federal Loan Program Balances

The balance outstanding under the Hummingbird Haven Acquisition Loan at June 30, 2022 is as follows:

<u>Award</u>	<u>ALN</u>	<u>Balance</u>
B-20-MC-06-0523	14.218	\$ 2,945,000
B-20-MC-06-0523	21.019	<u>422,966</u>
		\$ 3,367,966

See Independent Auditor's Report