

# COALITION TO ABOLISH SLAVERY & TRAFFICKING

## FINANCIAL STATEMENTS

June 30, 2024

(With Comparative Totals for 2023)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Coalition to Abolish Slavery & Trafficking

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Coalition to Abolish Slavery & Trafficking (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2024, 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 financial statements referred to above present fairly, in all material respects, the financial position of Coalition to Abolish Slavery & Trafficking (CAST) as of June 30, 2024, 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 for Opinion*

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. Our responsibilities under those standards are further described in the Auditors' 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 within one year after the date that the financial statements are available to be issued.

## ***Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* 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, including omissions, 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 generally accepted auditing standards and *Government Auditing Standards*, 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 20, 2025, on our consideration of CAST's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.

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

We have previously audited CAST's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California  
February 20, 2025

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,442,305	\$ 2,544,766
Investments	66,506	-
Grants and contracts receivable	1,830,899	1,062,462
Contributions receivable	136,576	180,223
Accounts receivable	-	24,403
Prepaid expenses, deposits, and other assets	124,007	114,724
Property and equipment, net	3,878,029	3,974,794
Operating lease right-of-use asset, net	913,654	278,379
<b>TOTAL ASSETS</b>	<b>\$ 8,391,976</b>	<b>\$ 8,179,751</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 153,146	\$ 177,968
Accrued liabilities	420,600	348,009
Advances received	275,800	83,665
Note payable	3,013,443	3,190,704
Operating lease liability	913,654	302,681
<b>TOTAL LIABILITIES</b>	<b>4,776,643</b>	<b>4,103,027</b>
<b>NET ASSETS</b>		
Without donor restrictions	3,251,424	3,351,714
With donor restrictions	363,909	725,010
<b>TOTAL NET ASSETS</b>	<b>3,615,333</b>	<b>4,076,724</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,391,976</b>	<b>\$ 8,179,751</b>

The accompanying notes are an integral part of these financial statements.

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	<u>Donor Restrictions</u>	<u>Donor Restrictions</u>	<u>Total 2024</u>	<u>Total 2023</u>
<b>REVENUE AND SUPPORT</b>				
Government contracts	\$ 5,407,708	\$ 100,000	\$ 5,507,708	\$ 4,665,182
Foundation contributions	185,000	835,168	1,020,168	814,608
Individual and business contributions	710,367	-	710,367	796,375
Contributed services and goods	1,640,363	-	1,640,363	1,393,092
Note payable forgiveness	177,261	-	177,261	177,262
Investment income, net	55,394	-	55,394	22,039
Other revenue and support	75,115	-	75,115	74,266
Net assets released from restrictions	1,296,269	(1,296,269)	-	-
Total revenue and support	<u>9,547,477</u>	<u>(361,101)</u>	<u>9,186,376</u>	<u>7,942,824</u>
<b>EXPENSES</b>				
Program services	8,441,717	-	8,441,717	7,890,880
Supporting services	1,206,050	-	1,206,050	1,315,834
Total expenses	<u>9,647,767</u>	<u>-</u>	<u>9,647,767</u>	<u>9,206,714</u>
<b>CHANGE IN NET ASSETS</b>	(100,290)	(361,101)	(461,391)	(1,263,890)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,351,714</u>	<u>725,010</u>	<u>4,076,724</u>	<u>5,340,614</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,251,424</u>	<u>\$ 363,909</u>	<u>\$ 3,615,333</u>	<u>\$ 4,076,724</u>

The accompanying notes are an integral part of these financial statements.

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	Empowerment	Legal	Advocacy	Total Program	Management	Fundraising	Total Support	Totals	
	Programs	Services		Services	and General		Services	2024	2023
<b>PERSONNEL EXPENSES</b>									
Salaries and wages	\$ 2,346,729	\$ 1,232,826	\$ 254,436	\$ 3,833,991	\$ 289,636	\$ 297,791	\$ 587,427	\$ 4,421,418	\$ 4,258,941
Employee benefits	327,744	172,176	35,534	535,454	40,450	41,589	82,039	617,493	509,406
Payroll taxes	181,728	95,469	19,703	296,900	22,429	23,061	45,490	342,390	330,598
Total personnel expenses	2,856,201	1,500,471	309,673	4,666,345	352,515	362,441	714,956	5,381,301	5,098,945
<b>OPERATIONAL EXPENSES</b>									
Program and client services	526,673	276,682	57,103	860,458	-	-	-	860,458	901,850
Contributed services, goods, and interest	502,244	947,415	190,705	1,640,364	-	-	-	1,640,364	1,393,092
Professional services	154,949	81,401	16,800	253,150	256,694	74,042	330,736	583,886	569,149
Occupancy	125,173	65,758	13,571	204,502	15,449	15,884	31,333	235,835	281,383
Bad debt expense	10,231	4,656	163	15,050	1,392	1,198	2,590	17,640	172,148
Telephone and telecommunication	65,426	34,371	7,094	106,891	8,075	8,302	16,377	123,268	119,636
Computer equipment and software	59,333	31,170	6,433	96,936	7,323	7,529	14,852	111,788	108,973
Insurance	47,567	24,989	5,157	77,713	5,871	6,036	11,907	89,620	77,214
Supplies	15,633	8,213	1,695	25,541	1,929	1,984	3,913	29,454	26,274
Travel, local parking, and mileage	46,692	24,529	5,062	76,283	5,763	5,925	11,688	87,971	79,937
Events	31,346	16,467	3,399	51,212	3,869	3,978	7,847	59,059	37,837
Depreciation	67,163	35,283	7,282	109,728	8,289	8,523	16,812	126,540	115,435
Postage, shipping, and delivery	11,868	6,235	1,287	19,390	1,465	1,506	2,971	22,361	23,976
Repairs and maintenance	28,977	15,223	3,142	47,342	3,576	3,677	7,253	54,595	46,501
Bank and payroll processing fees	7,600	3,993	824	12,417	12,407	964	13,371	25,788	23,051
Training and development	26,726	14,040	2,898	43,664	3,299	3,391	6,690	50,354	19,178
Other	29,141	18,532	3,825	51,498	-	-	-	51,498	20,369
Staff training and development	10,035	5,272	1,088	16,395	1,239	1,273	2,512	18,907	18,241
Printing, graphic design, and media production	17,322	9,100	1,878	28,300	2,138	2,198	4,336	32,636	21,093
Dues and subscriptions	20,999	11,032	2,277	34,308	2,592	2,665	5,257	39,565	37,906
Recruiting	2,589	1,360	281	4,230	320	329	649	4,879	14,526
Total operational expenses	1,807,687	1,635,721	331,964	3,775,372	341,690	149,404	491,094	4,266,466	4,107,769
<b>TOTAL 2024 FUNCTIONAL EXPENSES</b>	<b>\$ 4,663,888</b>	<b>\$ 3,136,192</b>	<b>\$ 641,637</b>	<b>\$ 8,441,717</b>	<b>\$ 694,205</b>	<b>\$ 511,845</b>	<b>\$ 1,206,050</b>	<b>\$ 9,647,767</b>	
	52%	31%	3%	86%	9%	5%	14%	100%	
<b>TOTAL 2023 FUNCTIONAL EXPENSES</b>	<b>\$ 4,729,430</b>	<b>\$ 2,851,881</b>	<b>\$ 309,569</b>	<b>\$ 7,890,880</b>	<b>\$ 820,944</b>	<b>\$ 494,890</b>	<b>\$ 1,315,834</b>		<b>\$ 9,206,714</b>
	58%	26%	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  
FOR THE YEAR ENDED JUNE 30, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (461,391)	\$ (1,263,890)
Adjustments to reconcile change in net assets to cash from operating activities:		
Forgiveness of note payable	(177,261)	(177,262)
Realized gain on investments	(37,796)	-
Bad debt expense	17,640	172,148
Depreciation	126,540	115,435
Amortization on operating lease right-of-use asset	207,708	201,397
Change in operating assets and liabilities:		
Grants and contracts receivable	(786,077)	1,070,940
Contributions receivable	43,647	647,966
Accounts receivable	24,403	34,075
Prepaid expenses, deposits, and other assets	(9,283)	14,675
Accounts payable	(24,822)	15,099
Accrued liabilities	72,591	(204,699)
Advances received	192,135	83,665
Operating lease liability	(232,010)	(217,380)
Net Cash (Used In) Provided By Operating Activities	(1,043,976)	492,169
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(29,775)	-
Proceeds from sale of investments	33,290	-
Purchases of investments	(62,000)	-
Net Cash Used In Investing Activities	(58,485)	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,102,461)	492,169
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	2,544,766	2,052,597
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 1,442,305	\$ 2,544,766
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

## COALITION TO ABOLISH SLAVERY & TRAFFICKING

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

(WITH COMPARATIVE INFORMATION FOR 2023)

#### NOTE 1 – Nature of Operations

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 1700 survivors and their family members 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 human rights, immigrant rights, and systematic change, 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. CAST is the key go-to resource for the Los Angeles community and the United States of America on issues related to human trafficking. 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 - provide 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, rental assistance, and dedicated case management.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 1 – Nature of Operations (Continued)

- **Comprehensive Case Management:** Utilizing an empowerment approach, CAST provides a uniquely designed continuum of care to meet the emergency, long term, and 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 providing basic necessities, supportive counseling, medical and mental health care, education, life skills training, employment, transportation, and state and federal benefits coordination. When survivors graduate from CAST, they are self-sufficient and reintegrated into the community.
- **Youth Program:** Recognizing the specialized needs of trafficked minors and 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 and the National Survivor Network, bring together survivors of human trafficking from around the United States of America 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 providers in the United States of America 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 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 full-time attorneys on staff, CAST's pro bono network of attorneys volunteer to take cases and support cutting edge policy initiatives.

## COALITION TO ABOLISH SLAVERY & TRAFFICKING

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

(WITH COMPARATIVE INFORMATION FOR 2023)

#### NOTE 1 – Nature of Operations (Continued)

- **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 specialized services for victims of trafficking are just a few laws that CAST successfully championed.
- **Outreach, Training, and Partnerships:** CAST is an internationally recognized leader and resource for corporate social responsibility programs, media, policymakers, law enforcement, and philanthropic community to access information about modern slavery. Believing in collective impact, CAST provides education, training, and technical assistance to increase identification of victims, expand resources for their care, and end human trafficking in industries where it is prevalent. 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 long-standing 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, and provide services to empower survivors at every stage of recovery.

CAST is a four-star charity, with the highest score possible, through Charity Navigator, and was awarded GuideStar's Platinum Transparency status in 2024.

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**(WITH COMPARATIVE INFORMATION FOR 2023)**

**NOTE 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

***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 U.S. GAAP. Accordingly, such information should be read in conjunction with CAST's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

***Reclassification***

Certain amounts in June 30, 2023 financial statements have been reclassified to conform to the current year financial statement presentation.

***Use of Estimates***

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, CAST's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. CAST's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Financial Statement Presentation*

CAST reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions.

**Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions.

**With Donor Restrictions** – Net assets subject to donor-imposed restrictions that will be met either by actions of CAST or the passage of time. As restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Other donor stipulations are perpetual in nature.

*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, 2024.

*Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities, money market funds, certificates of deposit, and mutual funds are reported at fair value. Interest and dividend income and gains and losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Revenue and Support*

Contributions, including unconditional promises to give, are recognized when the promise to give is received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized as revenue or receivable until the conditions on which they depend have been substantially met. At June 30, 2024, CAST is party to conditional grants with grant terms through December 2026 and additional funding of approximately \$6,700,000 that has not been recognized at June 30, 2024 because certain performance obligations have not yet been met.

Grants and contracts receivable are recorded when the conditions are met. Accounts receivable are recorded when services are performed 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 donor, 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, 2024, the majority of receivables are due from governmental agencies. Management evaluated the collectability of both grants and contracts receivable and accounts receivable and determined that no allowance was necessary at June 30, 2024 **and 2023**.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Revenue and Support (Continued)*

The majority of CAST's government contracts revenue is derived from 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 advances received in the statement of financial position. Advances received totaled \$275,800 at June 30, 2024.

*Revenue and Receivable Concentration*

CAST's revenue and support is primarily received from the federal government, various state governments, and private organizations primarily under cost reimbursement or fixed price contracts. For the year ended June 30, 2024, approximately 39% of revenue was from two government agencies. Approximately 55% of grants and contracts receivable were due from three government agencies at June 30, 2024. For the year ended June 30, 2023, approximately 51% of revenue was from three government agencies. Approximately 81% of pledges receivable were due from one donor at June 30, 2023.

*Property and Equipment*

Property and equipment is 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
Furniture and Fixtures	3-7 Years



COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Property and Equipment (Continued)*

Expenditures for repairs and maintenance are charged to expense as incurred while renewals and betterments are capitalized. Property and equipment is 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.

Property and equipment is reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

*Leasing Arrangements*

CAST determines if an arrangement contains a lease at inception based on whether CAST has the right to control the asset during the contract period and other facts and circumstances.

CAST's policy for determining its lease discount rate used for measuring the lease liability is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then CAST has elected to use its incremental borrowing rate or the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

CAST has elected a policy to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the statement of activities in the period in which the obligation for the payments is incurred.

*Contributed Services and Goods*

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.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Contributed Services and Goods (Continued)*

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.

*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.

*Income Taxes*

CAST is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and California income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Internal Revenue Service classified CAST as one that is not a private foundation within the meaning of Section 509(a) of the Code because it is an organization described in Section(s) 509(a)(1) and 170(b)(1)(A)(vi).

CAST has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 740-10, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2024, CAST had no material unrecognized tax benefits, tax penalties, or interest.

CAST is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years.

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Fair Value Measurements*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities are measured at fair value using a three-level fair value hierarchy that ranks the quality and reliability of the information used to measure fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date.

Level 2 - Pricing inputs other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 - Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and, therefore, have little or no price transparency are classified as level 3.

*Subsequent Events*

CAST has evaluated subsequent events from the statement of financial position date through February 20, 2025, which is the date the financial statements were available to be issued and determined that there are no further items that are required to be disclosed.

COALITION TO ABOLISH SLAVERY & TRAFFICKING

NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 3 – Liquidity and Availability of Resources**

The following reflects CAST’s financial assets as of June 30, 2024, reduced by amounts not available for general use because of timing or donor-imposed restrictions within one year of the statement of financial position date:

Financial assets:	
Cash and cash equivalents	\$ 1,442,305
Investments	66,506
Grants and contracts receivable	1,830,899
Contributions receivable	<u>136,576</u>
Total financial assets	3,476,286
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor purpose restrictions	<u>(363,909)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,112,377</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. CAST is substantially supported by contributions, government grants, and contracts without donor restrictions. 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. CAST has additional funding available through a line of credit. See Note 7.

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 – Investments**

Investments measured at fair value consists of the following as of June 30, 2024:

<u>June 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 66,506	\$ -	\$ -	\$ 66,506
	<u>\$ 66,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,506</u>

Net investment return consists of the following as of June 30, 2024:

	<b>For the Year Ended June 30,</b>	
	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 26,932	\$ 22,039
Realized and unrealized gains	37,796	-
Less: Advisory fees	<u>(9,334)</u>	<u>-</u>
Total	<u>\$ 55,394</u>	<u>\$ 22,039</u>

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 – Property and Equipment**

Property and equipment consist of the following at June 30,:

	<u>2024</u>	<u>2023</u>
Buildings	\$ 4,375,574	\$ 4,375,574
Furniture and fixtures	<u>99,808</u>	<u>70,033</u>
Total	4,475,382	4,445,607
Less accumulated depreciation	<u>(597,353)</u>	<u>(470,813)</u>
Net, property and equipment	<u>\$ 3,878,029</u>	<u>\$ 3,974,794</u>

Depreciation expense for the years ended June 30, 2024 **and 2023** was \$126,540 and \$115,435, respectively.

**NOTE 6 – Notes Payable**

In May 2021, CAST entered into an agreement with the City of Los Angeles Housing and Community Investment Department to receive 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. At June 30, 2024, the balance of the note payable was \$3,013,443, with forgiveness support of \$177,261 reflected in the statement of activities for the year ended June 30, 2024.

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6 – Notes Payable (Continued)**

At June 30, 2024, the future scheduled forgiveness of the note is as follows:

<u>Year Ending June 30,</u>	
2025	\$ 177,261
2026	177,261
2027	177,261
2028	177,261
2029	177,261
Thereafter	<u>2,127,138</u>
Total forgiveness	<u>\$ 3,013,443</u>

**NOTE 7 - Line of Credit**

During the year ended June 30, 2024, CAST entered into a line of credit agreement. The line of credit has an interest rate of 0.25% above prime, (8.5% as of June 30, 2024), with a capacity of \$350,000 and a maturity date of August 2025. There is no balance outstanding as of June 30, 2024.

**NOTE 8 – Lease Arrangements**

CAST leases real property under a non-cancelable operating lease that expires in June 2029. CAST also enters into short-term lease agreements of less than one year that are scoped out of recognition under ASC 842.

The lease arrangement provides for minimum lease payments. Variable payments are not determinable at lease commencement and are not included in the measurement of the operating right-of-use asset and operating lease liability. The lease agreement does not include any material residual guarantees or restrictive covenants.

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NOTE 8 – Lease Arrangements (Continued)

The following summarizes the line items in the statement of financial position, which include amounts for the operating lease at June 30, 2024:

Operating lease right-of-use asset, net	<u>\$ 913,654</u>
Operating lease liability	<u>\$ 913,654</u>

Operating lease right of-of-use asset is shown net of accumulated amortization. Amortization for the year ended June 30, 2024 was \$207,708. The components of operating lease expenses that are included in occupancy in the statement of functional expenses are as follows at June 30, 2024:

Operating lease costs	\$ 235,679
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The following summarizes the cash flow information related to leases for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 232,010
Noncash investing and financing activity:	
Right-of-use asset and lease liability recorded upon execution of lease agreement	\$ 913,654
Right-of-use asset and lease liability derecognized upon exit of lease	\$ (70,761)



**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**(WITH COMPARATIVE INFORMATION FOR 2023)**

**NOTE 8 – Lease Arrangements (Continued)**

The weighted-average remaining lease term and discount rate are as follows for the year ended June 30, 2024:

Weighted-average remaining lease term - operating lease	5.0 years
Weighted-average discount rate - operating lease	4.44%

The maturities of operating lease liabilities as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Operating Lease</u>
2025	\$ 192,010
2026	197,770
2027	203,703
2028	209,814
2029	<u>216,108</u>
Total minimum lease payments	1,019,405
Less amounts representing interest	<u>(105,751)</u>
Present value of minimum lease payments	<u>\$ 913,654</u>

**NOTE 9 – Commitments and Contingencies**

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.

In the normal course of business, CAST may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statements of CAST as of June 30, 2024.

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

**NOTES TO THE FINANCIAL STATEMENTS  
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**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 years ended June 30, 2024 and 2023, CAST’s matching contribution to the Plan was \$131,684 and \$114,892, respectively.

**NOTE 11 – Contributed Services and Goods**

During the year ended June 30 2024 and 2023, contributed services consisted of the following:

	<u>Revenue Recognized</u>		<u>Valuation Techniques and Inputs</u>
	<u>2024</u>	<u>2023</u>	
Legal services	\$ 1,149,282	\$ 770,082	Standard hourly rates
Database administration	225,000	225,000	Standard hourly rates
Policy work	180,000	232,665	Standard hourly rates
Interest	65,994	-	Treasury rate
Furniture, clothing, and supplies	10,620	9,345	Value if sold at wholesale
Communication services	9,467	-	Standard hourly rates
Mental health services	-	<u>156,000</u>	Standard hourly rates
 Total	 <u>\$ 1,640,363</u>	 <u>\$ 1,393,092</u>	

All donated services and goods were utilized by CAST’s programs and supporting services. There were no donor-imposed restrictions associated with the donated services.

**COALITION TO ABOLISH SLAVERY & TRAFFICKING**

**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12 – Net Assets**

The activity of net assets with donor restrictions for the year ended June 30, 2024 is as follows:

	<u>Balance at</u> <u>6/30/2023</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance at</u> <u>6/30/2024</u>
Net assets restricted for time or purpose:				
Survivor leadership programs	\$ 218,124	\$ 306,500	\$ (415,629)	\$ 108,995
Legal services	161,157	20,000	(158,920)	22,237
Research and advocacy	48,720	180,000	(224,535)	4,185
Housing	87,239	100,000	(187,239)	-
Case management and youth	164,770	253,668	(297,151)	121,287
Other	-	75,000	(7,795)	67,205
Time restriction	20,000	-	(5,000)	15,000
Restricted in perpetuity:				
Endowment corpus	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net assets with donor restrictions	<u>\$ 725,010</u>	<u>\$ 935,168</u>	<u>\$ (1,296,269)</u>	<u>\$ 363,909</u>