Financial Statements
December 31, 2013

The Center for Victims of Torture

Independent Auditor's Report

The Board of Directors
The Center for Victims of Torture
St. Paul, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of The Center for Victims of Torture (CVT) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CVT as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited CVT's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued a report dated April 7, 2014, on our consideration of CVT's internal control over financial reporting and on 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 reports is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Center for Victims of Torture's internal control over financial reporting and compliance.

Eide Bailly LLP

Minneapolis, Minnesota
April 7, 2014

		2013		2012
Assets				
Current Assets				
Cash and cash equivalents	$	1,459,439	$	1,432,955
Investments		35,173		30,162
Accounts receivable		638,065		679,441
Unconditional promises to give		1,296,658		872,284
Net pledges receivable		110,753		87,735
Prepaid expenses		180,697		212,484
Total current assets		3,720,785		3,315,061
Property and Equipment				
Land		96,300		96,300
Building and improvements		1,121,365		1,121,365
Leasehold improvements		464,394		432,499
Furniture and equipment		395,721		222,082
Vehicles		250,033		114,022
Total property and equipment		2,327,813		1,986,268
Less accumulated depreciation		1,137,101		1,035,372
Net property and equipment		1,190,712		950,896
Other Assets				
Restricted cash		20,000		-
Net promises to give > 1 year		468,483		448,337
Net pledges receivable > 1 year		241,096		219,021
Restricted investments		110,409		110,363
Beneficial interest in lead trust		74,851		79,053
Total other assets		914,839		856,774
Total Assets	$	5,826,336	$	5,122,731

	2013	2012
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 74,467	$ 100,266
Accrued compensation	130,835	109,735
Deferred grants	114,437	85,002
Total liabilities	319,739	295,003
Net Assets		
Unrestricted		
Net investment in property and equipment	1,190,712	950,896
Board designated	330,853	203,574
Undesignated	1,091,221	1,227,820
	2,612,786	2,382,290
Temporarily restricted	2,763,493	2,335,120
Permanently restricted	130,318	110,318
Total net assets	5,506,597	4,827,728
Total Liabilities and Net Assets	$ 5,826,336	$ 5,122,731

The Center for Victims of Torture
Statement of Activities
Year Ended December 31, 2013
(With Comparative Totals for 2012)

	2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2012
Support and Revenue					
Public Support					
Individual	$ 1,531,780	$ 102,311	$ 20,000	$ 1,654,091	$ 1,684,433
Foundation	307,917	1,932,791	-	2,240,708	1,428,459
United Nations Voluntary Fund	-	360,000	-	360,000	586,967
Other institutions and corporations	102,749	160,500	-	263,249	127,495
Change in value of split interest agreements	-	2,579	-	2,579	2,769
Net assets released from restrictions	2,129,808	(2,129,808)	-	-	-
Total public support	4,072,254	428,373	20,000	4,520,627	3,830,123
Revenue					
Program service revenue	7,743,889	-	-	7,743,889	6,330,469
Third-party billings	796,133	-	-	796,133	529,437
Speaking fees	68,304	-	-	68,304	45,341
Net investment return	6,868	-	-	6,868	5,800
Miscellaneous revenue	39,554	-	-	39,554	111,591
Total revenue	8,654,748	-	-	8,654,748	7,022,638
Total Support and Revenue	12,727,002	428,373	20,000	13,175,375	10,852,761
Expenses					
Program Services					
Client services	2,204,526	-	-	2,204,526	1,557,009
Professional training	1,080,198	-	-	1,080,198	1,321,901
Research	103,798	-	-	103,798	74,014
Public policy/education	382,426	-	-	382,426	618,434
International services	6,463,602	-	-	6,463,602	5,103,452
Total program services	10,234,550	-	-	10,234,550	8,674,810
Supporting Services					
Fundraising	980,992	-	-	980,992	698,103
Management and general	1,280,964	-	-	1,280,964	989,845
Total supporting services	2,261,956	-	-	2,261,956	1,687,948
Total Expenses	12,496,506	-	-	12,496,506	10,362,758
Change in Net Assets	230,496	428,373	20,000	678,869	490,003
Net Assets, Beginning of Year	2,382,290	2,335,120	110,318	4,827,728	4,337,725
Net Assets, End of Year	$ 2,612,786	$ 2,763,493	$ 130,318	$ 5,506,597	$ 4,827,728

	2013				
	Program Services				
	Client Services	Professional Training	Research	Public Policy/ Education	International Services
Salaries	$ 1,326,684	$ 497,096	$ 61,824	$ 220,244	$ 2,824,584
Benefits and Taxes	301,997	126,168	15,853	44,402	1,089,162
Total salaries and related expenses	1,628,681	623,264	77,677	264,646	3,913,746
Program Expenses	147,652	3,810	-	-	256,172
Consultants	44,974	119,483	-	409	110,285
Printing	7,993	4,822	240	1,055	2,816
Occupancy	55,418	33,181	2,436	25,686	424,033
Meetings and Conferences	1,518	62,338	109	7,127	38,891
Travel	10,240	106,345	10,520	26,644	680,216
Office Support	45,806	31,024	5,319	20,486	320,986
Fees and Allowances	8,277	1,375	173	15	26,428
Sub-Grants	-	17,923	-	-	452,750
Depreciation	-	-	-	-	-
Direct program expenses	1,950,559	1,003,565	96,474	346,068	6,226,323
Common cost allocation	253,967	76,633	7,324	36,358	237,279
Total expenses	$ 2,204,526	$ 1,080,198	$ 103,798	$ 382,426	$ 6,463,602

2013				
	Supporting Services			
Total Program Services	Fundraising	Management & General	Total Expenses	2012 Expenses
$ 4,930,432	$ 199,550	$ 1,155,027	$ 6,285,009	$ 5,138,077
1,577,582	48,270	299,160	1,925,012	1,506,594
6,508,014	247,820	1,454,187	8,210,021	6,644,671
407,634	-	-	407,634	234,425
275,151	96,158	63,017	434,326	618,134
16,926	468,572	4,191	489,689	382,123
540,754	18,747	154,118	713,619	587,934
109,983	20,276	10,513	140,772	98,268
833,965	20,730	20,872	875,567	805,812
423,621	26,603	87,251	537,475	364,135
36,268	33,864	39,338	109,470	162,721
470,673	-	-	470,673	362,818
-	-	107,260	107,260	101,717
9,622,989	932,770	1,940,747	12,496,506	10,362,758
611,561	48,222	(659,783)	-	-
$ 10,234,550	$ 980,992	$ 1,280,964	$ 12,496,506	$ 10,362,758

	2013	2012
Cash Flows from Operating Activities		
Changes in net assets	$ 678,869	$ 490,003
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Change in value of split-interest agreement	(2,579)	(2,769)
Depreciation	107,260	101,717
Donated stocks included in contributions	(115,117)	(31,102)
Net realized (gains) losses on investments	138	(387)
Net unrealized (gains) losses on investments	(5,249)	(2,902)
Contributions received for endowment	(20,000)	-
Gain on sale of property and equipment	-	(32,755)
Changes in operating assets and liabilities		
Accounts receivable	41,376	157,191
Unconditional promises to give	(444,520)	(173,339)
Net pledges receivable	(45,093)	(79,226)
Prepaid expenses	31,787	(76,245)
Accounts payable	(25,799)	(78,756)
Accrued compensation	21,100	365
Deferred grants	29,435	(55,270)
Net Cash from Operating Activities	251,608	216,525
Cash Flows from Investing Activities		
Restricted cash used to purchase endowment investment	-	20,000
Proceeds from sales of investments and restricted investments	136,073	42,940
Purchase of investments and restricted investments	(20,902)	(40,027)
Sales of property and equipment	-	35,450
Purchase of property and equipment	(347,076)	(14,290)
Net Cash (used for) Provided by Investing Activities	(231,905)	44,073
Cash Flows from Financing Activities		
Payment under split-interest agreement	6,781	6,781
Net Cash Provided by (used for) Financing Activities	6,781	6,781
Net Change in Cash	26,484	267,379
Cash and Cash Equivalents, Beginning of Year	1,432,955	1,165,576
Cash and Cash Equivalents, End of Year	$ 1,459,439	$ 1,432,955

Note 1 - Principal Activity and Significant Accounting Policies

Nature of Business

The Center for Victims of Torture (CVT) was incorporated under the laws of the State of Minnesota in May 1985 as a nonprofit corporation operating exclusively for charitable purposes. CVT's mission is to heal the wounds of torture on individuals, their families and their communities and to stop torture worldwide.

The programs through which CVT provides its services are described as follows:

Client Services

CVT's Client Services Program annually touches the lives of torture survivors and members of their families. The St. Paul clinic serves clients in an interdisciplinary care and treatment program that involves the professions of medicine, psychiatry, psychology, social work, nursing, massage therapy and physical therapy. The Healing Hearts program is a randomized control study exploring the efficacy of integrated CVT mental health services for traumatized Karen refugees in a primary care setting (HealthEast Roselawn clinic). Care is also provided for family members of clients and through community-based interventions. Information and referral services provide referrals for torture survivors and others who cannot travel to CVT for care. Staff clinicians provide training and consultation to organizations and agencies that are points-of-first-contact for torture survivors in the community.

Professional Training

The National Capacity Building Project works to strengthen torture rehabilitation centers across the United States to enhance and expand treatment to torture survivors. The NCB Project maintains www.HealTorture.org as a resource for torture rehabilitation professionals. The project focuses on building networks of rehabilitation centers and service providers, fostering knowledge-sharing and relationship-building among professionals in the field, and providing expert training and technical assistance. NCB focuses on clinical skills and best practices, organizational development, fundraising, program management, data collection, and program evaluation.

New Tactics in Human Rights promotes enhanced strategic thinking among the human rights community through research and dissemination of innovative approaches to human rights work, development of tools and resource materials, and in-person and online training.

The program is working to strengthen the capacity of civil society activists and organizations in Egypt and Tunisia. This work includes engaging organizations in training partnerships to teach human rights defenders how to be more effective. Trainers in the Middle East and North Africa (MENA) region conducted workshops on strategic effectiveness. Additional newly-trained trainers conducted additional programs.

In 2013, New Tactics launched a bi-lingual English/Arabic website and hosted English and Arabic online dialogues. The dialogues provide online learning opportunities for human rights defenders who are looking for new or more effective ways to support human rights.

The Healing in Partnership (HIP) project develops culturally-specific, strength-based and wellness-focused interventions for survivors of torture and war-related trauma with a community-based approach. HIP improves the identification of torture survivors who need mental health services in Minnesota and nationwide by disseminating screening tools to clinics and by training in their use. HIP improves the effectiveness of referral systems statewide by building the capacity of providers to meet the needs of refugee and immigrant clients who are torture and war trauma survivors.

Research

CVT conducts ongoing program evaluation and research to describe its client population (demographic background, trauma and torture history, presenting diagnoses, symptoms, and complaints), patterns of service utilization, and responses to treatment. The research program focuses on developing a methodology that will allow CVT and other treatment centers serving torture survivors to document changes in physical, psychological and behavioral adaptation that are meaningful for a culturally diverse torture survivor population. Findings are disseminated through written and oral presentation in a variety of professional and media contacts.

In 2013, research staff provided training and support for CVT's International Services clinical assessment and program evaluation activities in Kenya, Ethiopia and Jordan to ensure that our programs comply with clinical, evaluation, and program management requirements. Since 2005, the research department has provided services to the Asia Foundation in Sri Lanka to support several Sri Lankan NGOs providing mental health services to torture survivors. In addition, the research staff collaborates with Tree of Life, a Zimbabwean community mental health program, to evaluate the effectiveness of their interventions for survivors.

Public Policy/Education

CVT’s public policy work seeks to prevent torture, ensure torturers are held accountable for their actions, and increase access to rehabilitation services and asylum protection for survivors of torture and war atrocities. CVT’s policy approach leverages the combination of five voices: survivors, clinicians, human rights lawyers, operational/humanitarian aid providers, and foreign policy experts. CVT has established an effective presence with state, national and international policy makers; that presence has given voice to torture survivors and healing groups emerging in the United States and abroad, providing them access to tell their stories and find new allies and resources to support their work.

In 2013, CVT advocated in support of federal financial resources to strengthen the capacity of torture survivor centers in the U.S. and around the world to extend care to survivors and to elevate the overall profile and prioritization of mental health services in humanitarian crises. CVT also continued to work toward resolving continuing problems created by the United States’ embrace of torture and cruelty post-9/11, including in support of just and humane detention and interrogation policies, as well as accountability for acts of torture and cruelty. Finally, CVT offered its perspective to the U.S. immigration debate on particular issues in the U.S. asylum and detention systems that have an adverse impact on survivors of torture and pressed policymakers for solutions.

International Services

CVT provides direct mental health counseling services to refugee torture survivors in the Dadaab refugee camps, Kenya, and provides both counseling and physiotherapy services to Iraqi and Syrian refugee torture survivors and their families in Jordan, as well as in Nairobi, Kenya. CVT's mental health direct services program in Ethiopia has been funded since late 2012 but, because of delays primarily due to achieving registration in the country, mental health services for Eritrean refugees will begin in early 2014. In addition, professional expatriate clinicians recruit, hire, train and supervise national staff to be paraprofessional psychosocial counselors and physiotherapists and work under the direction of the professional staff. CVT extends its services through large group and community wide sensitization events, small group counseling and individual counseling.

CVT also assists foreign mental health rehabilitation centers in developing their mental health counseling skills, organizational and financial sustainability, and their program evaluation and monitoring practices.

Fundraising, Management and General

The area represents the administrative sector of The Center for Victims of Torture. Professional staff members secure resources necessary to operate CVT, allocate and monitor the use of those resources, and manage the organization on a day-to-day basis.

Cash and Cash Equivalents

CVT considers all cash and highly liquid investments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of CVT are excluded from this definition.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management and custodial fees.

Accounts Receivable and Credit Policies

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management has concluded that the balances outstanding at year-end are collectible.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating the risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectible promises to give based on prior years' experiences and management's analysis of specific promises made. Management believes all promises to give are collectible. Therefore, no allowance for uncollectible promises to give was recorded.

Property and Equipment

Expenditures of $5,000 or greater for property and equipment having continuing value are capitalized and recorded at the cost, or if donated, the fair market value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

CVT reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expensed to result from its use and eventual disposition. There were no indicators of asset impairment during the year ended December 31, 2013.

CVT retains title to property and equipment purchased with funding from U.S. State Department-Bureau of Population, Refugees and Migration contracts. Upon termination of those agreements, the property shall be transferred back to the Bureau unless the Bureau approves CVT to retain title. The net value of property and equipment purchased under these contracts is $128,842.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Beneficial Interest in Lead Trust

CVT is the recipient of the beneficial interest in a lead trust held and administered by a third party. A charitable lead trust provides for payment of specific distributions to designated beneficiaries over the trust’s term. At the end of the trust’s term, the remaining assets are distributed in accordance with the trust document. This trust was created independently by donors and is administered by independent trustees. Therefore CVT has neither possession nor control over these assets of the trust. At the date that CVT receives notice of a beneficial interest, a temporarily or permanently restricted contribution is recorded in the statement of activities. Upon receipt of trust distributions and/or expenditures in satisfaction of the restricted purpose stipulated by the donor, if any, temporarily restricted net assets are released to unrestricted net assets; permanently restricted net assets are transferred to the endowment.

Under the terms of the trust, CVT expects to receive an annual distribution of $6,781 through July 2028. The value of the beneficial interest in lead trust is based upon the present value of the future cash flows. The present value was calculated using a discount rate of 3.29%.

Assets held in trust by a third party are exposed to various risks, including overall market volatility, and as a result, it is reasonably possible that changes in their value will occur in the near term. Such changes could impact the value of CVT's beneficial interest.

Restricted Cash

Amounts received for the endowment and included in permanently restricted net assets, prior to investment, are included in restricted cash. At December 31, 2013, restricted cash was $20,000.

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:

> *Unrestricted Net Assets* – Net assets available for use in general operations. Unrestricted Board-designated net assets consist of net assets designated by the Board of Directors for operating reserve.
>
> *Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or actions of CVT and/or the passage of time, and certain income earned on permanently restricted net assets that has not been appropriated for expenditure by CVT's Board of Directors.
>
> CVT reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
>
> *Permanently Restricted Net Assets* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of CVT. The restrictions stipulate that resources be maintained permanently but permit CVT to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

CVT receives a substantial amount of services donated by volunteers. Many individuals volunteer their time to perform a variety of tasks that assist specific programs and campaign solicitations. In 2013, approximately 207 active volunteers provided 8,968 volunteer hours to CVT. CVT records contributed services if they meet the criteria for recognition under generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. CVT records donated professional services at the respective fair values of the services received.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expense presents the natural classification detail of expenses by function. Accordingly, expenses are charged directly to program or management in general categories based on specific identification. Common costs have been allocated among the programs and supporting services benefited.

For the year ended December 31, 2013, CVT has allocated joint costs for program activities that are conducted with the quarterly newsletter, annual report, and various fund raising appeals. The costs have been allocated among program and supporting services as follows:

Fundraising	$ 126,184
Public policy and education	105,116
	$ 231,300

Income Taxes

CVT is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). CVT is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, CVT is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purpose. CVT has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

CVT believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. CVT would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

CVT manages deposit concentration risk by maintaining cash in U. S. bank deposit accounts believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments. To date, CVT has not experienced any losses on such accounts and CVT believes they are not exposed to any significant credit risk on cash and cash equivalents. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations support of CVT's mission. Investment performance is monitored by management, Finance Committee, and Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Finance Committee believe that the investment policies and guidelines are prudent for the long-term welfare of CVT.

Summarized Financial Information

The accompanying 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. Accordingly, such information should be read in conjunction with CVT's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 presentations. These reclassifications resulted in no change in previously reported net income, changes in net assets, or net assets but were changed to agree with classifications used in the 2013 financial statements.

Subsequent Events

CVT has evaluated subsequent events through April 7, 2014, the date which the financial statements were available to be issued. CVT determined that there were no subsequent events that met the criteria for recognition of disclosure.

Note 2 - Fair Value Measurements

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CVT has the ability to access at the measurement date.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. CVT develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to CVT's assessment of the quality, risk or liquidity profile of the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013.

Mutual funds: Valued at the net asset value (NAV) of shares held by CVT at year end.

Money market mutual funds: Valued at the net asset value (NAV) of shares held by CVT at year end.

Collateralized mortgage obligations: Valued at quoted market prices for identical assets at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while CVT believes their valuation method, which involves reliance on market data to determine fair value, are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, CVT's assets at fair value as of December 31, 2013.

Assets	(Level 1)	(Level 2)	(Level 3)
Short-term investments			
Mutual funds - growth	$ 4,380	$ -	$ -
Collateralized mortgage obligations:			
U.S. Government agency bonds	8,061	-	-
Investments held at Minneapolis Foundation	-	-	6,930
Money market mutual funds	12,076	-	-
Corporate bonds	3,726	-	-
	$ 28,243	$ -	$ 6,930
Endowment investments			
Money market mutual funds	$ 85,409	$ -	$ -
Investments held at Minneapolis Foundation	-	-	25,000
	$ 85,409	$ -	$ 25,000

The table below sets forth a summary of changes in the fair value of CVT's Level 3 assets for the year ended December 31, 2013:

	Investments Held at Minneapolis Foundation
Balance, beginning of year	$ 26,617
Unrealized gains (losses)	5,568
Appropriations	(255)
	$ 31,930

Gains and losses (realized and unrealized) included in changes in net assets for the period are reported in net appreciation (depreciation) in fair value in the statement of cash flows.

Note 3 - Financial Instruments

Cash and cash equivalents include the following:

Cash in U.S. accounts	$ 1,411,208
Cash in Kenya	
Held in U.S. dollars	3,406
Held in shillings	1,843
Cash in Jordan	
Held in U.S. dollars	-
Held in dinars	26,047
Cash in Uganda	
Held in U.S. dollars	5,109
Held in shillings	205
Cash in Ethiopia	
Held in U.S. dollars	-
Held in shire	11,621
	$ 1,459,439

The U.S. dollars are converted to Shillings, Dinars, and Shire as needed. The funds in Kenya, Jordan, Uganda and Ethiopia are subject to the political activity in those countries.

Note 4 - Investments and Net Investment Return

Investments consist of the following at December 31, 2013:

	Market Value
Corporate bonds	$ 3,726
Equity securities	4,380
Collateralized mortgage obligations	8,061
Money market mutual funds	97,485
	113,652
Investments held at Minneapolis Foundation	31,930
	$ 145,582

The investments are recorded on CVTs financial statements in the following accounts:

Investments	$ 35,173
Restricted investments	110,409
	$ 145,582

A summary of earnings on investments for the year ended December 31, 2013 is as follows:

Short-term investments		
Interest	$	1,490
Dividends		218
Net realized gains (losses)		(138)
Net unrealized gains (losses)		(319)
	$	1,251
Endowment investments		
Dividends	$	49
Net unrealized gains (losses)		5,568
	$	5,617

All investment income and net realized gains or losses summarized above are investments carried at fair value.

Note 5 - Promises to Give

Unconditional promises to give at December 31, 2013 are as follows:

Within one year	$	1,296,658
In one to five years		469,855
		1,766,513
Less discount to net present value		(1,372)
	$	1,765,141

Management believes all promises are collectible. Therefore, no allowance for uncollectible promises was recorded. Promises to give are recorded at the present value of the annual cash flows as promised by donors. The discounts of those amounts were computed using U.S. Treasury Yield Curve Rate of .25% for the expected dates of cash flows. Amortization of these discounts is included in public support revenue.

Note 6 - Pledges Receivable

Pledges receivable have been recorded for future commitments made by donors at the organization's annual fundraising event. A 5% allowance was used for uncollectible pledges. Pledges are recorded at the present value of the annual cash flows as pledged by donors. The discounts of those amounts were computed using U.S. Treasury Yield Curve Rates for the average duration of the cash flows for October 2010, 2011, 2012 and 2013, the month of the events (.38%, .29%, .25% and .33% respectively). Amortization of these discounts is included in public support revenue.

Within one year	$ 131,910
In one to five years	241,096
	373,006
Less discount to net present value	(2,240)
Less allowance for uncollectible pledges	(35,706)
	$ 335,060

Note 7 - Concentration of Program Service Fee Revenues

Federal grants and contracts account for approximately 96% of the program service revenue and approximately 57% of total support and revenue. A reduction in the level of these grants and contracts would have an effect on CVT's programs and activities.

CVT continues to operate healing centers and professional training facilities in Kenya, Jordan and Ethiopia. Funds to support these operations represent 54% of the program service revenue and are subject to the political activity in those countries.

Note 8 - Donated Professional Services and Materials

CVT received the following donated professional services and materials:

	Program Services	Management and General	Development
Rent	$ 12,770	$ 28,121	$ 10,290
Legal services	-	13,716	-
Medical professionals	5,242	-	-
Other professionals	-	-	9,000
Total	$ 18,012	$ 41,837	$ 19,290

A total of 200 hours were donated by health care professionals who provided treatment to clients. The value of their services was approximately $5,242 for the year ended December 31, 2013.

Note 9 - Facility Leases

CVT is renting a facility from the University of Minnesota. Rent is one dollar per year through February 28, 2014. CVT must pay for renovation, furnishing and maintenance of the building.

CVT is leasing additional office space in St. Paul through December 31, 2018 with an additional option of extended two year term and in Washington, D.C. on a month-to-month basis. Facility rent expense was $155,293 for the year ended December 31, 2013.

Future minimum lease payments are as follows:

	Amount
2014	$ 220,909
2015	228,799
2016	228,799
2017	244,578
2018	244,578
	$ 1,167,663

Note 10 - Restrictions on Net Assets

Temporarily restricted net assets include gifts for which donor imposed restrictions have not been met and promises to give for which the ultimate purpose of the proceeds is not permanently restricted. Temporarily restricted net assets for the year ended December 31, 2013 are available for the following purposes:

Program restriction	
New Tactics in Human Rights Project	$ 149,104
New Tactics in Human Rights Project - Middle East and North Africa Initiative	261,919
Primary Care Clinic Partnership	1,173,551
Client Services	104,315
Jordan	472,695
Kenya	80,886
Ethiopia	20,000
Syrians	55,000
PATH	5,000
Public Policy	201,248
Comprehensive Campaign	96,037
University of Minnesota Collaboration	26,260
	2,646,015
Timing restriction	
General operations	117,478
	$ 2,763,493

The releases of restrictions for the year ended December 31, 2013 are as follows:

Program restriction		
New Tactics in Human Rights Project	$	229,772
New Tactics in Human Rights Project - Middle East and North Africa Initiative		506,838
Primary Care Clinic Partnership Program		451,449
Client services		173,614
Healing in Partnership		6,845
Jordan		390,805
Kenya		99,114
PATH		5,000
Public policy		223,755
Comprehensive Campaign		6,274
University of Minnesota Collaboration		14,561
		2,108,027
Timing restriction		
General operations		21,781
	$	2,129,808

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support CVT's building maintenance or client services.

Note 11 - Endowment

CVT’s endowment consists of two individual funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act as enacted in Minnesota (UPMIFA) does not establish a level below which an endowment fund may not fall. Instead, UPMIFA requires that endowment fund investment and spending policies be designed with the aim of preserving that amount of each endowment fund which is prudent for the uses, benefits, purposes and duration for which each endowment fund was established. For accounting purposes only and without any implication for CVT’s legal obligations for administering its endowment funds, CVT has classified as permanently restricted net assets the following: (a) the original value of gifts donated to its endowment funds, (b) the original value of subsequent gifts to such endowment funds, and (c) accumulations to such endowment funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is budgeted and classified as unrestricted net assets to be appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The composition of endowment net assets by fund type as of December 31, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 130,318	$ 130,318

Changes in endowment net assets for the year ending December 31, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 110,318	$ 110,318
Investment return				
Investment income	-	-	-	-
Contributions	-	-	20,000	20,000
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	$ -	$ -	$ 130,318	$ 130,318

The components of endowment funds classified as temporarily restricted net assets and permanently restricted net assets as of December 31, 2013, respectively, are as follows:

Permanently restricted net assets	
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 130,318

Funds with Deficiencies

Because UPMIFA does not establish a fixed level below which an endowment fund is not permitted to fall, there are no “deficiencies” in the endowment funds held by CVT.

Return Objectives and Risk Parameters

CVT has adopted an investment and spending policy which manages all its investments, including its endowment assets. Under this policy, as approved by the Board of Directors, investment assets are invested in a manner that is intended to preserve principal with low investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, CVT relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CVT targets a diversified asset allocation that places a greater emphasis on low risk investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

CVT has a policy of appropriating for distribution each year income generated from its endowment fund as part of its overall investment policy. In developing its spending policy, CVT considers certain of the following factors which it determines relevant:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

Accordingly, over the long term, CVT expects the current spending policy to not grow its endowment assets, but, generate income from them at the average annual savings interest rate. This is consistent with CVT's objective to maintain the principal of the endowment assets held in perpetuity or for a specified term as well as to provide a safe investment return.

Note 12 - Commitments and Contingencies

Certain grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, management deems the contingency remote, since by accepting the grant and its terms, CVT has accommodated the objectives of the organization providing the grant.

Note 13 - Line of Credit

CVT has a $1,000,000 line of credit with a bank, secured by all assets of CVT, expiring October 10, 2014. The interest rate is prime rate plus .5%, with a minimum rate of 5%. As of December 31, 2013, there was no outstanding balance.

Note 14 - Retirement Plan

CVT has a defined contribution salary deferral plan covering substantially all employees. Under the plan, CVT contributes 1% to 5% of each eligible employee's salary based on years of service. In addition, CVT matches one-half of the employees' contribution, not to exceed 6% of the employees' compensation. Plan expenses incurred by CVT were $208,766 for the year ended December 31, 2013.

Note 15 - Sabbatical Leave Policy

CVT has a sabbatical policy intended for professional and personal renewal and growth of CVT staff, which allows for an extended leave of absence of either three months at full pay or six months at half-time pay. Employees who hold long-term professional or management positions may apply for a sabbatical after completing at least seven years of continuous service of at least an average of 75% time over the preceding five years if they anticipate at least two additional years of service after the sabbatical. Staff members are not guaranteed a sabbatical during their employment, and approval rests with the Executive Director. There was no sabbatical leave granted for 2013.