Financial Statements
December 31, 2012 and 2011

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, 2012, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 The Center for Victims of Torture as of December 31, 2012, 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 The Center for Victims of Torture's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 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 March 29, 2013, on our consideration of The Center for Victims of Torture'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
March 29, 2013

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 1,432,955	$ 1,165,576
Investments	30,162	38,700
Accounts receivable	679,370	836,531
Unconditional promises to give	872,284	696,859
Net pledges receivable	87,735	69,500
Prepaid expenses	212,484	136,239
Interest receivable	71	101
Total current assets	3,315,061	2,943,506
Property and Equipment		
Land	96,300	96,300
Building and improvements	1,121,365	1,107,075
Leasehold improvements	432,499	432,499
Furniture and equipment	222,082	295,194
Vehicles	114,022	427,510
Total property and equipment	1,986,268	2,358,578
Less accumulated depreciation	1,035,372	1,317,560
Net property and equipment	950,896	1,041,018
Other Assets		
Restricted cash	-	20,000
Net promises to give > 1 year	448,337	450,423
Net pledges receivable >1 year	219,021	158,030
Restricted investments	110,363	70,347
Beneficial interest in lead trust	79,053	83,065
Total other assets	856,774	781,865
Total Assets	$ 5,122,731	$ 4,766,389

See Notes to Financial Statements

	2012	2011
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 100,266	$ 179,022
Accrued compensation	109,735	109,370
Deferred grants	85,002	140,272
Total liabilities	295,003	428,664
Net Assets		
Unrestricted		
Net investment in property and equipment	950,896	1,041,018
Board designated	203,574	100,460
Undesignated	1,227,820	1,292,127
Temporarily restricted	2,335,120	1,813,802
Permanently restricted	110,318	90,318
Total net assets	4,827,728	4,337,725
Total Liabilities and Net Assets	$ 5,122,731	$ 4,766,389

	2012				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2011
Support and Revenue					
Public Support					
Corporate	$ 10,782	$ 2,429	$ -	$ 13,211	$ 83,371
Foundation	309,005	1,119,454	-	1,428,459	2,218,658
Rebuilding Lives Campaign	311,554	-	-	311,554	250,528
Individual	1,284,879	68,000	20,000	1,372,879	1,343,378
Other institutions	102,284	12,000	-	114,284	108,569
U.N. Voluntary Fund	-	586,967	-	586,967	20,000
Return of unexpended funds	-	-	-	-	(40,542)
Change in value of split interest agreements	-	2,769	-	2,769	2,891
Net assets released from restrictions	1,270,301	(1,270,301)	-	-	-
Total public support	3,288,805	521,318	20,000	3,830,123	3,986,853
Revenue					
Program service revenue	6,330,469	-	-	6,330,469	6,425,671
Third-party billings	529,437	-	-	529,437	516,183
Speaking fees	45,341	-	-	45,341	41,114
Investment return	5,800	-	-	5,800	3,136
Miscellaneous revenue	111,591	-	-	111,591	33,372
Total revenue	7,022,638	-	-	7,022,638	7,019,476
Total Support and Revenue	10,311,443	521,318	20,000	10,852,761	11,006,329
Expenses					
Program Services					
Client services	1,557,009	-	-	1,557,009	1,562,034
Professional training	1,321,901	-	-	1,321,901	1,115,262
Research	74,014	-	-	74,014	42,416
Public policy/education	618,434	-	-	618,434	645,920
International services	5,103,452	-	-	5,103,452	4,972,186
Total program services	8,674,810	-	-	8,674,810	8,337,818
Supporting Services					
Fund raising	698,103	-	-	698,103	704,493
Management and general	989,845	-	-	989,845	939,758
Total supporting services	1,687,948	-	-	1,687,948	1,644,251
Total Expenses	10,362,758	-	-	10,362,758	9,982,069
Change in Net Assets	(51,315)	521,318	20,000	490,003	1,024,260
Net Assets, Beginning of Year	2,433,605	1,813,802	90,318	4,337,725	3,313,465
Net Assets, End of Year	$ 2,382,290	$ 2,335,120	$ 110,318	$ 4,827,728	$ 4,337,725

	2012				
	Program Services				
	Client Services	Professional Training	Research	Public Policy/ Education	International Services
Salaries	$ 909,860	$ 529,660	$ 41,966	$ 297,372	$ 2,339,780
Benefits and Taxes	247,566	141,691	11,339	59,569	784,617
Total salaries and related expenses	1,157,426	671,351	53,305	356,941	3,124,397
Program Expenses	14,533	24,958	-	14,429	104,824
Consultant Expenses	107,962	248,384	-	12,704	102,110
Printing Services	752	1,258	-	81,303	23,709
Facility Expense	31,843	33,506	2,323	30,500	333,269
Deliveries	1,109	1,156	43	1,030	6,739
Travel	13,410	157,552	9,801	41,740	555,202
Office Support	25,963	24,618	728	24,703	232,271
Fees	7,609	2,692	966	3,778	51,525
Sub-Grants	-	53,764	-	-	309,054
Total expense before depreciation	1,360,607	1,219,239	67,166	567,128	4,843,100
Depreciation	-	-	-	-	-
Direct program expenses	1,360,607	1,219,239	67,166	567,128	4,843,100
Common cost allocation	196,402	102,662	6,848	51,306	260,352
Total expenses	$ 1,557,009	$ 1,321,901	$ 74,014	$ 618,434	$ 5,103,452

2012					
	Supporting Services				
Total Program Services	Fund Raising	Management & General	Total Expenses	2011 Expenses
$ 4,118,638	$ 111,195	$ 908,245	$ 5,138,078	$ 4,995,797
1,244,782	24,489	294,996	1,564,267	1,359,775
5,363,420	135,684	1,203,241	6,702,345	6,355,572
158,744	32,513	3,348	194,605	165,643
471,160	92,469	125,222	688,851	523,217
107,022	298,257	267	405,546	485,710
431,441	9,020	147,953	588,414	571,700
10,077	2,680	1,596	14,353	19,323
777,705	11,449	16,536	805,690	842,708
308,283	32,313	37,689	378,285	478,976
66,570	22,802	30,762	120,134	186,192
362,818	-	-	362,818	212,436
8,057,240	637,187	1,566,614	10,261,041	9,841,477
-	-	101,717	101,717	140,592
8,057,240	637,187	1,668,331	10,362,758	9,982,069
617,570	60,916	(678,486)	-	-
$ 8,674,810	$ 698,103	$ 989,845	$ 10,362,758	$ 9,982,069

	2012	2011
Cash Flows from Operating Activities		
Changes in net assets	$ 490,003	$ 1,024,260
Adjustments to reconcile change in net assets		
to net cash from (used for) operating activities		
Change in value of split-interest agreement	(2,769)	(2,891)
Depreciation	101,717	140,592
Donated stocks included in contributions	(31,102)	(37,849)
Net realized (gains) losses on investments	(387)	653
Net unrealized (gains) losses on investments	(2,902)	680
Contributions received for endowment	-	(20,000)
Gain on sale of property and equipment	(32,755)	(3,000)
Changes in operating assets and liabilities		
Accounts receivable	157,161	(174,073)
Unconditional promises to give	(173,339)	(582,066)
Net pledges receivable	(79,226)	(79,378)
Prepaid expenses	(76,245)	(38,739)
Interest receivable	30	350
Accounts payable	(78,756)	62,238
Accrued compensation	365	49,835
Deferred grants	(55,270)	11,700
Net Cash from Operating Activities	216,525	352,312
Cash Flows from Investing Activties		
Restricted cash used to purchase endowment investment	20,000	25,000
Proceeds from sales of investments and restricted investments	42,940	106,013
Purchase of investments and restricted investments	(40,027)	(50,183)
Sales of property and equipment	35,450	3,000
Purchase of property and equipment	(14,290)	(142,297)
Net Cash Provided by (used for) Investing Activities	44,073	(58,467)
Cash Flows from Financing Activties		
Payment under split-interest agreement	6,781	6,781
Proceeds under split-interest agreement	-	(86,955)
Net Cash Provided by (used for) Financing Activities	6,781	(80,174)
Net Change in Cash	267,379	213,671
Cash and Cash Equivalents, Beginning of Year	1,165,576	951,905
Cash and Cash Equivalents, End of Year	$ 1,432,955	$ 1,165,576
Supplemental Disclosures		
Stock investment donations	$ 31,102	$ 37,849
Restricted cash contributions received for endowment	-	20,000

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 nearly 1,500 torture survivors and members of their families. The Twin Cities based healing program is a unique and integrated program serving 250 clients per year in a multidisciplinary care and treatment program that involves the professions of medicine, psychiatry, psychology, social work, nursing, massage therapy and physical therapy. 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.

Professional Training

The National Capacity Building project organizes training for approximately 35 U.S. torture survivor rehabilitation centers. Capacity building priorities include program operations, service delivery expertise, impact assessment and financial sustainability. In 2012 training and capacity building methods included training institutes, capacity building and program partnership sub-grants, live and archived webinars, an annual 30-hour blended learning course for new staff, and online resources via www.healtorture.org. Priorities include building and supporting a 'community of practice' among those specializing in the rehabilitation of torture survivors.

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.

Through the New Tactics in Human Rights Project, launched in 1999, CVT 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 sponsorship of in-person and online cross-training opportunities. Since its launch, project highlights include:

- Five-day International Symposium that drew nearly 450 participants from 89 countries
- Award-winning workbook documenting 100 innovative human rights tactics
- 49 detailed tactical notebooks on practical applications of tactics
- Searchable online database documenting 200 innovative tactics
- Materials translated into 24 languages
- Awarded more than 60 small grants to organizations in 56 countries advancing innovations

- Over 45 online training dialogues featuring 390 “featured resource practitioners” from 70 countries
- A growing online community network of more than 4000 activists worldwide

In 2012, CVT hosted online dialogues for human rights activists worldwide; presented customized online training for Iranian human rights activists; and continued a partnership in the Middle East/North Africa (MENA) region with the Academy for Educational Development—Civil Society Program in Jordan. Beginning in October 2011, Open Society Foundations has invested $1.3 million over two years to support CVT’s efforts to strengthen the capacity of civil society activists and organizations in Egypt and Tunisia to engage in democracy-building and rights-based activities.

In 2010, an individual donor contributed $100,000 toward an effort to strengthen CVT’s relationship with the University of Minnesota. The objective is to establish the University as the premier international institution for the study of human rights trauma – with CVT being a practical expression and application of that study. The collaboration continues to grow in both the local community and international projects.

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 2012, Research provided training and support for CVT’s International Services clinical assessment and program evaluation activities in Kenya, the Democratic Republic of Congo and Jordan to ensure that our programs comply with clinical, evaluation, and program management requirements. Since 2005 Research 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, Research collaborates with Tree of Life, a Zimbabwean community mental health program, to implement a research project designed to evaluate the effectiveness of their interventions for survivors.

Public Policy/Education

By rebuilding the lives of more than 23,000 torture survivors, CVT has accumulated a vast depth of knowledge and experience as well as a unique authority about torture. CVT has found that it has 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.

The objective of CVT’s policy work is to create new financial resources to heal survivors and new allies in efforts to end torture. Because of CVT’s work in 2012, with investments totaling $25 million the U.S. was again the world’s largest donor to torture survivor rehabilitation. This funding did not come close to meeting the extraordinary need, but it did make it possible for tens of thousands of torture survivors to receive the care they so urgently needed.

Also in 2012, CVT worked to resolve continuing problems created by the United States' embrace of torture and cruelty post-9/11. CVT worked for just and humane detention and interrogation policies, as well as accountability for acts of torture and cruelty.

International Services

CVT provides direct mental health counseling services to refugee torture survivors in the Dadaab refugee camps in Kenya, and provides both counseling and physiotherapy services to Iraqi and Syrian refugee torture survivors and their families in Jordan. In 2012, CVT launched two new direct services programs, one in refugee camps in northern Ethiopia to provide mental health services to Eritrean refugees, and one in Nairobi, Kenya, treating urban refugee torture survivors from throughout East Africa. In addition, professional expatriate clinicians recruit, hire, train and supervise national staff to be paraprofessional psychosocial counselors 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's program providing direct mental health rehabilitation services to victims of torture in the Democratic Republic of Congo ended September 15, 2012.

Through funding provided by the International Criminal Court and the United States Agency for International Development, CVT assists fifteen 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.

Financial Statement Presentation

CVT follows the requirements of Accounting Standards Codification Topic ASC 958-205. Under these rules CVT is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

CVT also follows Accounting Standards Codification Topic ASC 958-605. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Cash and Cash Equivalents

CVT considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents does not include cash received with donor-imposed restrictions that limit their use to long-term purposes.

The National Endowment for Democracy requires a separate, interest-bearing account; therefore CVT established a savings account to accommodate the requirement.

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, 2011, restricted cash was $20,000.

Investments

CVT carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Fair values are based on quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on management's assessment of the parties having outstanding balances and current relationships with them, management has concluded that realization of losses on balances outstanding at year end will be immaterial.

Promises to Give

Contributions are recognized when the donor makes a promise to give to CVT that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

CVT uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experiences and management's analysis of specific promises made.

Property and Equipment

Expenditures of $5,000 or greater for property and equipment having continuing value are capitalized at the cost paid for the asset, or the fair market value at the date of contribution for donated assets. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets generally as follows:

Building and leasehold improvements	15-40 years
Furniture and equipment	3-7 years

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 $51,473.

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 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.

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.

Net Assets

Net assets are classified based upon the presence or absence of donor restrictions. The composition of CVT's donor restricted net assets is discussed further in Note 6. In 2011, the Board of Directors of CVT established a Board designated reserve based on 1% of annual support and revenue which appears as a component of unrestricted net assets. In addition, CVT has elected to designate the amount of net property and equipment as a separate amount within unrestricted net assets.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets depending on the existence of any donor 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported in unrestricted support. Restrictions on gifts of fixed assets or contributions restricted for the purchase of fixed assets expire when the asset is placed in service, unless otherwise stipulated by the donor.

Donated Services

CVT receives a substantial amount of services donated by volunteers. CVT records contributed services if they meet the criteria for recognition under Accounting Standards Codification Topic ASC 958-605. Many individuals volunteer their time to perform a variety of tasks that assist specific programs and campaign solicitations. In 2012, approximately 215 active volunteers provided 8,700 volunteer hours to CVT.

Functional Allocation of Expenses

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.

Effective in 2012, CVT changed its method of estimating certain costs on the Statement of Functional Expenses. This change was made to better reflect the actual use of common costs by each function. Reclassification of the 2011 financial statements was made to conform to the 2012 presentation. The reclassification resulted in no change in previously reported net income, changes in net assets, or net assets.

For the year ended December 31, 2012, 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	$	117,120
Public policy and education		86,147
	$	203,267

Income Taxes

CVT is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. In addition, CVT qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation.

CVT has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10, on January 1, 2009. The implementation of this standard had no impact on the financial statements. As of both the date of adoption, and as of December 31, 2012, the unrecognized tax benefit accrual was zero. CVT will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Accounting 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

CVT maintains cash in U.S. Bank deposit accounts which at times may exceed FDIC limits. 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.

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, 2011, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 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 2012 financial statements.

Note 2 - Financial Instruments

Cash and cash equivalents include the following:

Cash in U.S. accounts	$ 1,349,835
Cash in Kenya	
Held in U.S. dollars	2,485
Held in shillings	(2,332)
Cash in Jordan	
Held in U.S. dollars	42
Held in dinars	76,051
Cash in Uganda	
Held in U.S. dollars	6,727
Held in shillings	147
	$ 1,432,955

The U.S. dollars are converted to shillings and dinars as needed. The funds in Kenya, Jordan, and Uganda are subject to the political activity in those countries.

Note 3 - Investments

Investments consist of the following at December 31, 2012:

	Market Value
Equity securities	$ 1,054
Collateralized mortgage obligations	15,419
Money market mutual funds	97,435
	113,908
Investments held at Minneapolis Foundation	26,617
	$ 140,525

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

Investments	$ 30,162
Restricted investments	110,363
	$ 140,525

A summary of earnings on investments for the year ended December 31, 2012 is as follows:

Interest	$ 1,918
Dividends	593
Net realized gains (losses)	387
Net unrealized gains (losses)	2,902
	$ 5,800

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

Note 4 - Fair Value Measurement

Topic ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels of the fair value hierarchy under the authoritative guidance are described below:

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.

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.

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 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, 2012.

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

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

<u>Collateralized mortgage obligations</u>: 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 its valuation methods 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, 2012.

	(Level 1)	(Level 2)	(Level 3)
Mutual funds - growth	$ 1,054	$ -	$ -
Collateralized mortgage obligations:			
U.S. Government agency bonds	10,661	-	-
Corporate bonds	4,758	-	-
Money market mutual funds	97,435	-	-
Investments held at Minneapolis Foundation	-	-	26,617
	$ 113,908	$ -	$ 26,617

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, 2012:

	Investments Held at Minneapolis Foundation
Balance, beginning of year	$ 24,464
Unrealized gains (losses)	2,425
Sales	(272)
	$ 26,617

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.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classifications of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets. For the year ended December 31, 2012, there were no transfers in or out of Levels 1, 2, or 3.

Fair Value of Financial Instruments Not Required to be Reported at Fair Value

The carrying amounts of cash and cash equivalents, accounts receivable, current unconditional promises to give, current net pledges receivable, accounts payable, accrued compensation and deferred grants approximate fair value due to the short-term nature of the items. The carrying amount of unconditional promises to give and pledges receivable due in more than one year is based on the discounted net present value of the expected future cash receipts, and approximates fair value. The carrying amount of the beneficial interest in lead trust is based a specific distribution schedule provided by the charitable lead trust in accordance with the trust document. This amount is then valued based upon the present value of the future cash flows.

Note 5 - Promises to Give

Unconditional promises to give are as follows:

Foundation to Promote Open Society in Colloboration with Open Society Institute	$ 200,000
Foundation to Promote Open Society in Colloboration with Open Society Institute	307,284
F.R. Bigelow Foundation	225,000
Huss Foundation	150,000
The Saint Paul Foundation	150,000
United Nations Voluntary Fund for Victims of Torture	220,000
Other Funders	70,000
Discount on promises over 1 year	(1,663)
	$ 1,320,621
Unconditional promises to give	$ 872,284
Net promises to give greater than 1 year	448,337
	$ 1,320,621

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 0.25% for the expected dates of cash flows. Amortization of these discounts is included in public support revenue.

Note 6 - 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, 2012 are available for the following purposes:

Program restriction	
New Tactics in Human Rights Project	$ 153,876
New Tactics in Human Rights Project - Middle East and North Africa Initiative	768,757
Primary Care Clinic Partnership	523,587
Client Services	167,428
Healing in Partnership	6,845
Jordan	160,000
Kenya	110,000
Public Policy	309,753
University of Minnesota Collaboration	40,821
	2,241,067
Timing restriction	
General operations	94,053
	$ 2,335,120

The releases of restrictions for the year ended December 31, 2012 are as follows:

Program restriction	
New Tactics in Human Rights Project	$ 222,441
New Tactics in Human Rights Project - Middle East and North Africa Initiative	446,950
Client services	130,000
Healing in Partnership	123,769
Democratic Republic of Congo	56,667
Jordan	60,300
Kenya	20,000
Public policy	177,414
University of Minnesota Collaboration	10,979
	1,248,520
Timing restriction	
General operations	21,781
	$ 1,270,301

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 7 - 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 and 2012, the month of the events (0.38%, 0.29% and 0.25%, respectively). Amortization of these discounts is included in public support revenue.

Pledges receivable in one year or less	$ 99,899
Less:	
Allowance for uncollectible pledges	(11,446)
Unamortized discount	(718)
	$ 87,735
Pledges receivable greater than one year	$ 234,072
Less:	
Allowance for uncollectible pledges	(13,879)
Unamortized discount	(1,172)
	$ 219,021

Note 8 - Concentration of Program Service Fee Revenues

Federal grants and contracts account for approximately 95% of the program service revenue and approximately 55% 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.

Program service fees funded the following program areas:

Client services	$ 577,567
Training services - National Capacity Building	482,690
Training services - New Tactics in Human Rights	118,320
International services - PATH	1,511,269
International services - Ethiopia	38,158
International services - Democratic Republic of Congo	630,846
International services - Jordan	1,663,447
International services - Uganda	212,404
International services - Nairobi	102,946
International services - Dadaab	998,792
International services - Liberia	(5,970)
	$ 6,330,469

CVT continues to operate healing centers and professional training facilities in Kenya and Jordan. Funds to support these operations represent 44% of the program service revenue and are subject to the political activity in those countries.

Note 9 - In-kind Contributions

CVT received the following in-kind contributions:

Office rent	$	51,180
Professional services		8,061
Legal services		12,893
	$	72,134

A total of 290 hours were donated by health care professionals who provided treatment to clients. The value of their services was approximately $8,061 for the year ended December 31, 2012.

Note 10 - 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 $195,026 for the year ended December 31, 2012.

Note 11 - Facility Leases

CVT is renting a facility from the University of Minnesota. Rent is one dollar per year through August 31, 2013. CVT must pay for renovation, furnishing and maintenance of the building.

CVT is leasing additional office space in St. Paul through August 31, 2013 and in Washington, D.C. on a month-to-month basis. Facility rent expense was $146,114 for the year ended December 31, 2012.

Future minimum lease payments are as follows:

	Amount
Year ending December 31, 2013	$ 75,850

Note 12 - Commitments and Contingencies

Certain grants require the fulfillment of 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 available a $500,000 line of credit with Western Bank; secured by a security agreement and all assets of CVT, expiring October 10, 2013. The interest rate is the prime rate plus 0.5%, with a minimum rate of 5%. As of December 31, 2012, there was no outstanding balance.

Note 14 - 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 2012.

Note 15 - 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, 2012 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 110,318	$ 110,318

Changes in Endowment Net Assets for the year ending December 31, 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 90,318	$ 90,318
Investment return				
Investment income	-	-	-	-
Contributions	-	-	20,000	20,000
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	$ -	$ -	$ 110,318	$ 110,318

The components of endowment funds classified as temporarily restricted net assets and permanently restricted net assets as of December 31, 2012 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	$ 110,318

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 16 - Subsequent Events

CVT has evaluated subsequent events through March 29, 2013, 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.