



Financial Statements
September 30, 2020 and 2019

The Center for Victims of Torture

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Independent Auditor's Report

To the Board of Directors
The Center for Victims of Torture
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of The Center for Victims of Torture (CVT), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CVT as of September 30, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 25, 2021, 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 effectiveness of CVT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CVT's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Minneapolis, Minnesota
February 25, 2021

The Center for Victims of Torture
Statements of Financial Position
September 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,156,769	\$ 660,729
Accounts receivable	994,746	800,149
Promises to give, net	812,565	996,228
Prepaid expenses	392,397	397,931
Total current assets	4,356,477	2,855,037
Property and Equipment, Net	1,270,261	1,145,027
Noncurrent Assets		
Promises to give, net	737,633	619,882
Investments	35,463	32,899
Restricted investments	1,693,377	1,516,843
Other assets	42,425	87,761
Beneficial interest in lead trust	53,366	50,716
Total noncurrent assets	2,562,264	2,308,101
Total assets	\$ 8,189,002	\$ 6,308,165
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 430,301	\$ 344,031
Accrued expenses and other liabilities	623,560	388,970
Deferred grants	1,524,206	909,006
Line of credit	-	905,570
Notes payable	1,033,622	-
Total current liabilities	3,611,689	2,547,577
Long-Term Liabilities		
Notes payable - long term	568,441	-
Total liabilities	4,180,130	2,547,577
Net Assets		
Without donor restrictions		
Undesignated	1,097,873	1,462,235
With donor restrictions		
Time-restricted for future period	53,366	50,716
Purpose restrictions	964,980	375,862
Perpetual in nature	1,892,653	1,871,775
Total net assets	4,008,872	3,760,588
Total liabilities and net assets	\$ 8,189,002	\$ 6,308,165

See Notes to Financial Statements

The Center for Victims of Torture
Statements of Activities
Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	\$ 4,718,255	\$ 1,915,488	\$ 6,633,743
Program service fees	16,544,103	-	16,544,103
Net investment return	6,919	79,900	86,819
Other revenue	34,704	-	34,704
Donated professional services	326,737	-	326,737
Change in value of split interest agreements	-	9,431	9,431
Net assets released from restriction pursuant to endowment spending-rate distribution formula	79,900	(79,900)	-
Net assets released from restrictions	1,312,273	(1,312,273)	-
Total revenue, support, and gains	23,022,891	612,646	23,635,537
Expenses and Losses			
Program services			
Client services	3,090,892	-	3,090,892
Capacity development	1,491,514	-	1,491,514
Research	423,755	-	423,755
Public policy/education	735,305	-	735,305
International services	11,886,733	-	11,886,733
Total program services	17,628,199	-	17,628,199
Supporting services			
Fundraising	1,465,211	-	1,465,211
Management and general	4,293,843	-	4,293,843
Total supporting services	5,759,054	-	5,759,054
Total expenses	23,387,253	-	23,387,253
Change in Net Assets	(364,362)	612,646	248,284
Net Assets, Beginning of Year	1,462,235	2,298,353	3,760,588
Net Assets, End of Year	\$ 1,097,873	\$ 2,910,999	\$ 4,008,872

The Center for Victims of Torture
Statement of Activities
Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	\$ 3,440,510	\$ 2,080,189	\$ 5,520,699
Program service fees	15,362,348	-	15,362,348
Net investment return	2,351	42,119	44,470
Other revenue	19,944	-	19,944
Donated professional services and materials	40,534	-	40,534
Change in value of split interest agreements	-	595	595
Net assets released from restriction pursuant to endowment spending-rate distribution formula	42,119	(42,119)	-
Net assets released from restrictions	3,418,539	(3,418,539)	-
Total revenue, support, and gains	22,326,345	(1,337,755)	20,988,590
Expenses and Losses			
Program services			
Client services	3,048,293	-	3,048,293
Capacity development	1,207,236	-	1,207,236
Research	253,964	-	253,964
Public policy/education	830,718	-	830,718
International services	11,599,050	-	11,599,050
Total program services	16,939,261	-	16,939,261
Supporting services			
Fundraising	1,436,546	-	1,436,546
Management and general	3,530,801	-	3,530,801
Total supporting services	4,967,347	-	4,967,347
Total expenses	21,906,608	-	21,906,608
Change in Net Assets	419,737	(1,337,755)	(918,018)
Net Assets, Beginning of Year	1,042,498	3,636,108	4,678,606
Net Assets, End of Year	\$ 1,462,235	\$ 2,298,353	\$ 3,760,588

The Center for Victims of Torture
Statements of Functional Expenses
Year Ended September 30, 2020

	Program Services					Supporting Services			
	Client Services	Capacity Development	Research	Public Policy/ Education	International Services	Total Program Services	Fundraising	Management and General	Total
Salaries	\$ 2,152,442	\$ 941,790	\$ 303,547	\$ 363,100	\$ 6,811,300	\$ 10,572,179	\$ 536,858	\$ 2,184,131	\$ 13,293,168
Benefits and taxes	451,168	202,024	58,705	80,290	1,653,454	2,445,641	118,583	783,961	3,348,185
	2,603,610	1,143,814	362,252	443,390	8,464,754	13,017,820	655,441	2,968,092	16,641,353
Consultants	3,927	162,167	600	60,000	772,024	998,718	174,084	283,438	1,456,240
Travel	22,827	18,154	18,698	26,923	424,410	511,012	28,065	16,138	555,215
Sub-grants	-	-	-	-	646,142	646,142	-	-	646,142
Meetings and conferences	2,321	50,836	1,639	1,453	27,838	84,087	40,050	30,885	155,022
Client assistance	133,726	2,240	5,655	53	400,898	542,572	25	1,284	543,881
Occupancy	160,466	50,084	9,748	40,493	575,398	836,189	29,714	171,874	1,037,777
Printing	6,048	3,221	237	123,657	5,254	138,417	436,709	29,201	604,327
Office support	142,386	59,645	20,446	31,673	507,235	761,385	47,353	150,975	959,713
Service fees and allowances	15,581	1,353	4,480	7,663	62,780	91,857	53,770	499,943	645,570
Depreciation	-	-	-	-	-	-	-	142,013	142,013
Total expenses	<u>\$ 3,090,892</u>	<u>\$ 1,491,514</u>	<u>\$ 423,755</u>	<u>\$ 735,305</u>	<u>\$ 11,886,733</u>	<u>\$ 17,628,199</u>	<u>\$ 1,465,211</u>	<u>\$ 4,293,843</u>	<u>\$ 23,387,253</u>

The Center for Victims of Torture
Statement of Functional Expenses
Year Ended September 30, 2019

	Program Services					Supporting Services			Total
	Client Services	Capacity Development	Research	Public Policy/ Education	International Services	Total Program Services	Fundraising	Management and General	
Salaries	\$ 2,021,588	\$ 650,500	\$ 176,943	\$ 401,943	\$ 6,262,071	\$ 9,513,045	\$ 476,573	\$ 1,972,123	\$ 11,961,741
Benefits and taxes	445,634	143,187	36,087	93,315	1,524,252	2,242,475	107,787	527,875	2,878,137
	<u>2,467,222</u>	<u>793,687</u>	<u>213,030</u>	<u>495,258</u>	<u>7,786,323</u>	<u>11,755,520</u>	<u>584,360</u>	<u>2,499,998</u>	<u>14,839,878</u>
Consultants	23,381	154,251	-	11,700	438,134	627,466	128,921	361,882	1,118,269
Travel	31,020	77,185	20,331	24,843	821,575	974,954	38,694	33,656	1,047,304
Sub-grants	-	-	-	-	451,147	451,147	-	-	451,147
Meetings and conferences	12,414	71,978	675	5,643	203,244	293,954	50,030	48,260	392,244
Client assistance	134,900	9,040	330	560	553,836	698,666	52	3,690	702,408
Occupancy	179,329	46,753	5,795	61,652	599,036	892,565	42,038	116,178	1,050,781
Printing	8,125	2,800	333	182,271	5,830	199,359	476,069	29,297	704,725
Office support	129,550	36,545	10,920	39,574	643,178	859,767	47,388	190,856	1,098,011
Service fees and allowances	18,821	2,279	482	7,142	64,374	93,098	58,082	183,565	334,745
Depreciation	43,531	12,718	2,068	2,075	32,373	92,765	10,912	63,419	167,096
Total expenses	<u>\$ 3,048,293</u>	<u>\$ 1,207,236</u>	<u>\$ 253,964</u>	<u>\$ 830,718</u>	<u>\$ 11,599,050</u>	<u>\$ 16,939,261</u>	<u>\$ 1,436,546</u>	<u>\$ 3,530,801</u>	<u>\$ 21,906,608</u>

The Center for Victims of Torture
Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 248,284	\$ (918,018)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	142,013	167,096
Realized and unrealized (gain) loss on investments	3,427	(2,351)
Change in value of split-interest agreement	(9,431)	(595)
Contributions restricted for endowment	(20,878)	(76,775)
Endowment net investment return	(79,900)	(42,119)
Changes in operating assets and liabilities		
Accounts receivable	(194,597)	(213,744)
Promises to give, net	(36,085)	97,080
Prepaid expenses	5,534	(31,073)
Other asset	45,336	(6,418)
Accounts payable	86,270	17,068
Accrued expenses and other liabilities	234,590	83,602
Deferred grants	615,200	122,548
Lease incentive	-	(19,992)
	1,039,763	(823,691)
Net Cash from Operating Activities		
Cash Flows from Investing Activities		
Purchases of investments	(5,991)	-
Withdrawal from (addition to) endowment	(96,634)	22,947
Withdrawal from assets held under split-interest agreement	6,781	6,781
Purchase of property and equipment	(267,247)	(218,959)
	(363,091)	(189,231)
Net Cash from Investing Activities		
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	122,875	76,775
Net borrowings under line of credit	(905,570)	401,806
Net borrowings from notes payable	1,602,063	-
	819,368	478,581
Net Cash from Financing Activities		
Net Change in Cash and Cash Equivalents	1,496,040	(534,341)
Cash and Cash Equivalents, Beginning of Year	660,729	1,195,070
Cash and Cash Equivalents, End of Year	\$ 2,156,769	\$ 660,729
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for Interest	\$ 18,670	\$ 30,464

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Founded in 1985, the mission of the Center for Victims of Torture (CVT) is to heal the wounds of torture on individuals, their families, and their communities, and to end torture worldwide. The organization's work focuses on four primary areas: rebuilding the lives of individual survivors of torture, severe war-related traumas, and other gross human rights violations (direct client services); training to build the capacity of other torture survivor rehabilitation centers and human rights defenders; monitoring and evaluation, and research; and policy advocacy. Work in these areas is also found in CVT's International Services.

Client Services

Responding to the lasting physical and psychological damage done by torture, CVT's Client Services program annually touches the lives of nearly 1,025 torture survivors and family members. The program offers services in Minnesota in St. Paul and St. Cloud, as well as in the greater Atlanta area, Georgia. While each service program is adapted to meet the needs of the particular community and setting, the core intervention at all domestic sites is psychotherapy and case management to connect survivors with resources available in the community.

Capacity Development

CVT training operations consist of three capacity-building projects:

The National Capacity Building (NCB) project organizes technical assistance for the US-based network of 42 torture survivor centers and programs in 24 states, and other refugee and immigrant service organizations. NCB provides direct technical training, consultations and other learning resources to strengthen the delivery of integrated, sustainable care for survivors across the United States, including: measured-impact webinars; on-site and remote consultations; eLearning; and the HealTorture.org web site, which averages 4,500 web hits per month.

The New Tactics in Human Rights program promotes enhanced strategic and tactical planning and action among the human rights community. The newtactics.org website features a database of 250 tactics in English and 230 in Arabic and reaches over 255,000 users annually from 220 countries. New Tactics trainings have been held in more than 25 countries, with resources translated into 26 languages.

IDREAM is an international capacity development project that works with human rights defenders around the world who have been forced into exile due to their human rights advocacy work. IDREAM supports exiled human rights defender through providing training, mentoring, and other capacity development services in these three areas: mental health resilience; effective advocacy; and integrated security. In Fiscal Year 2020, IDREAM identified and welcomed to the project its first Cohort of 10 human rights defenders after an extensive application, interview, and vetting process.

Research

Monitoring, evaluation, and research are focus areas for CVT. In direct services programs, CVT measures significant reductions in clients' mental health symptoms and equally significant improvements in adaptive social functioning – their ability to recover from extreme psychological and physical traumas and to function independently in the world. Research staff provide training and support for CVT's domestic and international services. In capacity development work CVT measures changes in knowledge, skills and organizational development in clinicians and human rights defenders working with our strategic partners around the world.

Public Policy/Education

Policy advocacy centers around three primary areas: maintaining – and where feasible increasing – both U.S. and other governments' funding for torture survivor rehabilitation programs in the U.S. and abroad; preserving access to asylum and refugee resettlement for survivors of torture seeking protection in the United States; and ensuring humane detention, interrogation, and prisoner treatment policies in U.S. counterterrorism operations.

CVT's work on U.S. appropriations to torture survivor rehabilitation work results in funding of \$37 million annually: \$17 million for domestic torture survivor programs through the U.S. Office of Refugee Resettlement; \$12 million to programs worldwide through the Victims of Torture Fund at U.S. Agency for International Development; and \$8 million in funds for torture survivor programs worldwide through a State Department contribution to the United Nations Voluntary Fund for Victims of Torture.

International Services

CVT's international projects utilize group counseling/therapy, social services, and physical therapy. In Ethiopia, CVT works in refugee camps near Shire in the country's north, and in Gambella in the west. In Jordan, CVT cares for urban refugees in Amman. CVT has centers in Kenya in Nairobi as well as in two refugee camps: Dadaab and Kakuma. In Uganda, CVT has a long-standing center in Gulu where survivors of the Lord's Resistance Army receive care. CVT's program in the Bidi Bidi refugee settlement ended in August 2020 and a new program in a refugee settlement in the country's southwest began in September 2020. In the Kurdistan Region of Iraq, CVT builds the capacity of local service providers to treat Iraqi survivors of torture, war trauma, and sexual and gender-based violence.

In addition, International Services Partners in Trauma Healing (PATH) Program builds the capacity of torture survivor centers in the Philippines, Cambodia, Liberia, Zimbabwe, South Africa, Turkey (two partners), Kurdish Region of Iraq (two partners), and Lebanon.

Fundraising, Management, and General

The administrative sector of CVT secures resources necessary to operate CVT, allocate and monitor the use of those resources, and manage the organization on a day-to-day basis.

The administrative sector of CVT secures resources necessary to operate CVT, allocate and monitor the use of those resources, and manage the organization on a day-to-day basis. On average, CVT has 405 full-time and 55 part-time employees, with roughly 110 based in the U.S. and the remainder at international sites. Each year CVT rebuilds the lives and restores the hope of thousands of survivors of torture and other atrocities. In its domestic services this year, CVT provided trauma rehabilitation services to over 1,300 survivors of torture. In its international direct service programs, CVT provided trauma rehabilitation services to over 3,500 survivors of war violence and human rights violations, including about 1,800 survivors of torture; these services are also estimated to have benefited about 17,500 household members of clients.

Cash and Cash Equivalents

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

Receivables and Credit Policies

Accounts receivable consists primarily of noninterest-bearing amounts due for program service fee revenues and 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 their net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value and discounted 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. At September 30, 2020 and 2019, the allowance was \$57,450 and \$63,125, respectively.

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. Depreciation on leasehold improvements is computed over the lesser of the useful life of the asset or the lease term. 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 September 30, 2020 and 2019.

CVT retains title to property and equipment purchased with funding from U.S. State Department Bureau of Population, Refugees, and Migration (the Bureau) 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 at September 30, 2020 and 2019, is \$357,639 and \$295,262, respectively.

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 annual distributions 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 .47%.

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.

Beneficial Interest in Assets Held by Community Foundations

CVT has established donor-advised funds at two community foundations. Two of the funds are permanent endowment funds. CVT granted variance power to the community foundations which allows the community foundations to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of community foundations' Boards of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the community foundations for the benefit of CVT and is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

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 return (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available-for-use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. CVT reports contributions restricted by donors as increases in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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.

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, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. CVT has several federal and state contracts, as well other grants that were conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. At September 30, 2020, CVT had a significant amount of conditional contributions for which no amounts had been received in advance and have not been recognized in the accompanying financial statements.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to CVT's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by 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 (Note 12).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits and taxes, printing and office support, and occupancy, which are allocated on the basis of estimates of time and effort.

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 is unrelated to its exempt purposes. 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 generally accepted accounting principles 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 placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, CVT has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of CVT's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Finance Committee of the 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.

Change in Accounting Policy

CVT has adopted the provisions of ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the CVT in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of October 1, 2019, CVT has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on CVT's financial statements.

Subsequent Events

CVT has evaluated subsequent events through February 25, 2021, the date 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 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 2,156,769	\$ 660,729
Accounts receivable	994,746	800,149
Promises to give, net	812,565	996,228
Subtotal financial assets	<u>3,964,080</u>	<u>2,457,106</u>
Expected release from endowments and restricted assets, net	<u>19,127</u>	<u>11,127</u>
Total assets available for general expenditures	<u>\$ 3,983,207</u>	<u>\$ 2,468,233</u>

In addition to financial assets available to meet general expenditures over the next 12 months, CVT anticipates collecting sufficient grant revenue to cover general expenditures not covered by donor-restricted resources. As more fully described in Note 7, CVT also has a committed line of credit in the amount of \$2,000,000, which it could draw upon in the event of an unanticipated liquidity need.

Note 3 - Fair Value Measurements and Disclosures

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 assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed 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 fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. 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.

A significant portion of CVT's investment assets are classified within Level 1 because they are comprised of money market mutual funds with readily determinable fair values based on daily redemption values. The fair value of CVT's beneficial interest in assets held by community foundations is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

The Center for Victims of Torture

Notes to Financial Statements

September 30, 2020 and 2019

The following table presents assets measured at fair value on a recurring basis at September 30, 2020:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>September 30, 2020</u>				
Investments				
Assets held by community foundations	\$ 35,463	\$ -	\$ -	\$ 35,463
Restricted investments				
Money market mutual funds	\$ 216,326	\$ 216,326	\$ -	\$ -
Assets held by community foundations	1,477,051	-	-	1,477,051
	<u>\$ 1,693,377</u>	<u>\$ 216,326</u>	<u>\$ -</u>	<u>\$ 1,477,051</u>

The following table presents assets measured at fair value on a recurring basis at September 30, 2019:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>September 30, 2019</u>				
Investments				
Assets held by community foundations	\$ 32,899	\$ -	\$ -	\$ 32,899
Restricted investments				
Money market mutual funds	\$ 207,751	\$ 207,751	\$ -	\$ -
Assets held by community foundations	1,309,092	-	-	1,309,092
	<u>\$ 1,516,843</u>	<u>\$ 207,751</u>	<u>\$ -</u>	<u>\$ 1,309,092</u>

The Center for Victims of Torture

Notes to Financial Statements
September 30, 2020 and 2019

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended September 30, 2020 and 2019:

	<u>Assets Held by Community Foundations</u>
<u>Year Ended September 30, 2020</u>	
Balance, beginning of year	\$ 1,341,991
Purchases/contributions of investments	87,624
Investment return, net	97,085
Other	(9,959)
Distributions	<u>(4,227)</u>
Balance at September 30, 2020	<u><u>\$ 1,512,514</u></u>
<u>Year Ended September 30, 2019</u>	
Balance, beginning of year	\$ 1,256,200
Purchases/contributions of investments	52,651
Investment return, net	39,775
Other	(5,955)
Distributions	<u>(680)</u>
Balance at September 30, 2019	<u><u>\$ 1,341,991</u></u>

Note 4 - Financial Instruments

Cash and cash equivalents include the following as of September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash in U.S. accounts	\$ 1,937,098	\$ 302,622
Cash in Kenya		
Held in Kenyan shillings	95,712	42,856
Cash in Jordan		
Held in Jordanian dinars	19,989	107,979
Cash in Uganda		
Held in U.S. dollars	19,130	47,336
Cash in Ethiopia		
Held in Ethiopian birr	64,337	127,770
Cash in Iraq		
Held in Iraqi dinars	<u>20,503</u>	<u>32,166</u>
	<u><u>\$ 2,156,769</u></u>	<u><u>\$ 660,729</u></u>

Amounts disclosed above are reported in U.S. dollars.

Note 5 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at September 30, 2020 and 2019:

	2020	2019
Within one year	\$ 848,065	\$ 1,032,768
In one to five years	783,705	676,055
	1,631,770	1,708,823
Less discount to net present value	(24,122)	(29,588)
Less allowance for uncollectible promises to give	(57,450)	(63,125)
	\$ 1,550,198	\$ 1,616,110

Note 6 - Property and Equipment

Property and equipment consists of the following at September 30, 2020 and 2019:

	2020	2019
Land	\$ 96,300	\$ 96,300
Building and property improvements	1,121,365	1,121,365
Leasehold improvement	646,820	646,820
Furniture and equipment	1,490,265	1,262,238
Vehicles	277,237	263,573
	3,631,987	3,390,296
Less accumulated depreciation	(2,361,726)	(2,245,269)
	\$ 1,270,261	\$ 1,145,027

Note 7 - Line of Credit

CVT has a \$2,000,000 line of credit as of September 30, 2020, and \$1,500,000 as of September 30, 2019, with a bank, secured by all assets. Borrowings under the line bear interest at the bank's prime rate plus 0.5%, or a floor of 3.75% and 5.75% as of September 30, 2020 and 2019. There was \$0 and \$950,570 outstanding on the line of credit as of September 30, 2020 and 2019.

Note 8 - Payroll Protection Program Loan

CVT was granted a loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. CVT is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. CVT has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. No forgiveness income has been recorded for the year ended September 30, 2020. CVT will be required to repay any remaining balance. CVT believes they have met all the requirements for the PPP loan to be forgiven and is the process of submitting the application for forgiveness.

		<u>2020</u>
1.0% Payroll Protection Program loan, due in monthly installments of \$95,017 starting in November 2020, including interest to April 2022, unsecured.		<u>\$ 1,602,063</u>
<u>Years Ending September 30,</u>	<u>Notes Payable</u>	
2021	\$ 1,033,622	
2022	<u>568,441</u>	
	<u>\$ 1,602,063</u>	

Note 9 - Leases

CVT leases office space under various operating leases. Future minimum lease payments are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2021	\$ 296,904
2022	250,699
2023	<u>57,481</u>
	<u>\$ 605,084</u>

Total lease expense for the year ended September 30, 2020 and 2019, totaled \$755,826 and \$731,894, respectively.

Note 10 - Endowments

CVT's endowment (the endowment) consists of three individual funds established by donors to provide annual funding for specific activities and general operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

CVT has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CVT retains in perpetuity (a) the original value of initial and subsequent gift amounts and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of September 30, 2020 and 2019, CVT had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>September 30, 2020</u>			
Donor-restricted funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>\$ -</u>	<u>1,892,653</u>	<u>\$ 1,892,653</u>
<u>September 30, 2019</u>			
Donor-restricted funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>\$ -</u>	<u>1,871,775</u>	<u>\$ 1,871,775</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). CVT has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of September 30, 2020 or 2019.

Investment and Spending Policies

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.

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.

CVT has a policy of appropriating for distribution each year income generated from its endowment fund as part of its overall investment policy. In establishing the investment policy, CVT considered the long-term expected return on its endowment. 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.

Changes in endowment net assets for the years ended September 30, 2020 and 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Year Ended September 30, 2020</u>			
Endowment net assets, beginning of year	\$ -	\$ 1,871,775	\$ 1,871,775
Investment return	-	79,900	79,900
Contributions	-	20,878	20,878
Appropriation of endowment assets pursuant to spending-rate policy	-	(79,900)	(79,900)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,892,653</u>	<u>\$ 1,892,653</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Year Ended September 30, 2019</u>			
Endowment net assets, beginning of year	\$ -	\$ 1,795,000	\$ 1,795,000
Investment return	-	42,119	42,119
Contributions	-	76,775	76,775
Appropriation of endowment assets pursuant to spending-rate policy	-	(42,119)	(42,119)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,871,775</u>	<u>\$ 1,871,775</u>

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose		
New Tactics in Human Rights Project - Middle East and North Africa Initiative	\$ 73,459	\$ 93
Client services	57,944	111,001
Zimbabwe Data Project	26,654	26,654
Uganda	32,371	51,578
Jordan	55,139	48,486
Kenya	22,168	27,114
Ethiopia	25,647	36,444
Public policy	47,907	74,492
COVID Campaign	592,710	-
Southern Border	13,931	-
PATH	17,049	-
	<u>964,980</u>	<u>375,862</u>
Subject to the passage of time	<u>53,366</u>	<u>50,716</u>
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Restricted by donors for		
Innovation	1,535,000	1,535,000
Client services	332,653	311,775
General use	25,000	25,000
	<u>1,892,653</u>	<u>1,871,775</u>
	<u>\$ 2,910,999</u>	<u>\$ 2,298,353</u>

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Notes to Financial Statements
September 30, 2020 and 2019

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2020 and 2019:

	2020	2019
Program restriction		
New Tactics in Human Rights Project - Middle East and North Africa Initiative	\$ 201,434	\$ 230,024
Client services	383,680	473,407
Uganda	44,187	323,051
Jordan	93,347	210,609
Kenya	100,346	171,815
Ethiopia	80,797	44,078
Public policy	226,585	245,673
C OVID Campaign	54,197	-
Southern Border	117,969	-
PATH	2,950	-
Comprehensive Campaign	-	1,713,101
	1,305,492	3,411,758
Timing restriction		
General operations	6,781	6,781
	\$ 1,312,273	\$ 3,418,539

Net assets released from restriction related to the appropriation of endowment assets pursuant to the spending-rate policy for the years ended September 30, 2020 and 2019, were \$79,900 and \$42,119, respectively.

Note 12 - Donated Professional Services and Materials

CVT received donated professional services and materials as follows during the year ended September 30, 2020 and 2019:

	Client Services	Management and General	Total
<u>Year Ended September 30, 2020</u>			
In-kind gift cards	\$ 660	\$ -	\$ 660
In-kind beds	1,680	-	1,680
In-kind legal services	-	324,397	324,397
	\$ 2,340	\$ 324,397	\$ 326,737
<u>Year Ended September 30, 2019</u>			
In-kind gift cards	\$ 75	\$ -	\$ 75
In-kind State Fair tickets	450	-	450
In-kind beds	1,400	-	1,400
In-kind legal services	-	38,609	38,609
	\$ 1,925	\$ 38,609	\$ 40,534

Note 13 - Joint Costs of Activities that Include a Fundraising Appeal

For the years ended September 30, 2020 and 2019, CVT has allocated joint costs for program activities that are conducted with the quarterly newsletter, annual report, and various fundraising appeals. The costs have been allocated among program and supporting services as follows:

	2020	2019
Fundraising	\$ 129,730	\$ 170,603
Public policy and education	133,589	185,348
Grassroots lobbying	6,197	11,940
	\$ 269,516	\$ 367,891

Note 14 - 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 15 - Employee Benefits

CVT has a defined contribution salary deferral plan covering substantially all domestic 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. CVT offers retirement stipends to expatriates also. Expatriates who are not eligible to participate in CVT's U.S.-based retirement plan, are provided an equivalent stipend of 1% to 5% of salary. Plan expenses incurred by CVT were \$416,751 and \$406,133 for the year ended September 30, 2020 and 2019, respectively.