



Financial Statements
September 30, 2021 and 2020

The Center for Victims of Torture

The Center for Victims of Torture

Table of Contents

September 30, 2021 and 2020

Independent Auditor’s Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9



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, 2021 and 2020, 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, 2021 and 2020, 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 March 1, 2022, 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". The signature is written in black ink and is positioned above the typed name and date.

Minneapolis, Minnesota
March 1, 2022

The Center for Victims of Torture
Statements of Financial Position
September 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,188,603	\$ 2,156,769
Accounts receivable	758,526	994,746
Promises to give, net	1,120,321	812,565
Prepaid expenses	343,368	392,397
Total current assets	4,410,818	4,356,477
Property and Equipment, Net	1,155,908	1,270,261
Noncurrent Assets		
Promises to give, net	598,276	737,633
Investments	9,437	35,463
Restricted investments	2,524,592	1,693,377
Other assets	79,914	42,425
Beneficial interest in lead trust	46,326	53,366
Total noncurrent assets	3,258,545	2,562,264
Total assets	\$ 8,825,271	\$ 8,189,002
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 666,546	\$ 430,301
Accrued expenses and other liabilities	508,970	623,560
Deferred grants	1,081,665	1,524,206
Notes payable	-	1,033,622
Total current liabilities	2,257,181	3,611,689
Long Term Liabilities		
Notes payable - long term	-	568,441
Total liabilities	2,257,181	4,180,130
Net Assets		
Without donor restrictions		
Undesignated	2,313,257	1,097,873
Board-designated operating reserve	150,000	-
Total	2,463,257	1,097,873
With donor restrictions		
Time-restricted for future period	46,326	53,366
Purpose restrictions	2,155,854	964,980
Perpetual in nature	1,902,653	1,892,653
Total net assets	6,568,090	4,008,872
Total liabilities and net assets	\$ 8,825,271	\$ 8,189,002

See Notes to Financial Statements

The Center for Victims of Torture
Statement of Activities
Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	\$ 4,178,661	\$ 3,068,068	\$ 7,246,729
Program service fees	17,567,269	-	17,567,269
Net investment return	4,217	315,712	319,929
Other revenue	1,545,174	-	1,545,174
Donated professional services	87,478	-	87,478
Change in value of split interest agreements	-	(260)	(260)
Net assets released from restriction pursuant to endowment spending-rate distribution formula	315,712	(315,712)	-
Net assets released from restrictions	1,873,974	(1,873,974)	-
Total revenue, support, and gains	25,572,485	1,193,834	26,766,319
Expenses			
Program services			
Client services	2,949,012	-	2,949,012
Capacity development	2,119,058	-	2,119,058
Research	367,247	-	367,247
Public policy/education	728,293	-	728,293
International services	12,288,586	-	12,288,586
Total program services	18,452,196	-	18,452,196
Supporting services			
Fundraising	1,376,336	-	1,376,336
Management and general	4,378,569	-	4,378,569
Total supporting services	5,754,905	-	5,754,905
Total expenses	24,207,101	-	24,207,101
Change in Net Assets	1,365,384	1,193,834	2,559,218
Net Assets, Beginning of Year	1,097,873	2,910,999	4,008,872
Net Assets, End of Year	\$ 2,463,257	\$ 4,104,833	\$ 6,568,090

The Center for Victims of Torture
Statement 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 and materials	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			
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 Functional Expenses
Year Ended September 30, 2021

	Program Services					Supporting Services			Total
	Client Services	Capacity Development	Research	Public Policy/ Education	International Services	Program Services	Fundraising	Management and General	
Salaries	\$ 1,933,153	\$ 1,249,430	\$ 271,379	\$ 388,008	\$ 7,254,297	\$ 11,096,267	\$ 515,388	\$ 2,449,168	\$ 14,060,823
Benefits and taxes	439,970	293,457	57,850	93,639	1,588,097	2,473,013	124,207	545,982	3,143,202
	2,373,123	1,542,887	329,229	481,647	8,842,394	13,569,280	639,595	2,995,150	17,204,025
Consultants	45,401	210,036	47	15,071	501,052	771,607	182,612	566,688	1,520,907
Travel	3,875	4,116	763	95	214,036	222,885	1,665	5,649	230,199
Sub-grants	-	132,779	-	-	1,151,185	1,283,964	-	-	1,283,964
Meetings and conferences	6,421	11,370	835	304	20,810	39,740	5,024	27,945	72,709
Client assistance	163,315	6,333	721	-	368,608	538,977	6,131	1,924	547,032
Occupancy	200,218	67,000	8,666	36,102	512,173	824,159	31,397	155,048	1,010,604
Printing	7,655	1,991	222	148,909	3,904	162,681	428,856	28,398	619,935
Office support	139,231	60,102	26,164	35,055	573,427	833,979	69,571	259,650	1,163,200
Service fees and allowances	9,773	82,444	600	11,110	100,997	204,924	11,485	146,647	363,056
Depreciation	-	-	-	-	-	-	-	191,470	191,470
Total expenses	\$ 2,949,012	\$ 2,119,058	\$ 367,247	\$ 728,293	\$ 12,288,586	\$ 18,452,196	\$ 1,376,336	\$ 4,378,569	\$ 24,207,101

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

	Program Services					Supporting Services			Total
	Client Services	Capacity Development	Research	Public Policy/Education	International Services	Program Services	Fundraising	Management and General	
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	783,951	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	\$ 3,090,892	\$ 1,491,514	\$ 423,755	\$ 735,305	\$ 11,886,733	\$ 17,628,199	\$ 1,465,211	\$ 4,293,843	\$ 23,387,253

The Center for Victims of Torture
Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 2,559,218	\$ 248,284
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	191,470	142,013
Loss on disposal of property and equipment	2,002	-
Income recognized from PPP loan forgiveness	(1,602,063)	-
Realized and unrealized (gain) loss on investments	(4,217)	3,427
Change in value of split-interest agreement	259	(9,431)
Contributions restricted for endowment	(10,000)	(20,878)
Endowment net investment return	(315,712)	(79,900)
Changes in operating assets and liabilities		
Accounts receivable	236,220	(194,597)
Promises to give	(193,399)	(36,085)
Prepaid expenses	49,029	5,534
Other asset	(37,489)	45,336
Accounts payable	236,245	86,270
Accrued expenses and other liabilities	(114,590)	234,590
Deferred grants	(442,541)	615,200
Net Cash from Operating Activities	554,432	1,039,763
Cash Flows used for Investing Activities		
Purchase of investments and restricted investments	-	(5,991)
Sale of investments and restricted investments	5,244	-
Addition to endowment	(490,504)	(96,634)
Withdrawal from assets held under split-interest agreement	6,781	6,781
Purchase of property and equipment	(79,119)	(267,247)
Net Cash used for Investing Activities	(557,598)	(363,091)
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	35,000	122,875
Net borrowings under line of credit	-	(905,570)
Net borrowings from notes payable	-	1,602,063
Net Cash from Financing Activities	35,000	819,368
Net Change in Cash and Cash Equivalents	31,834	1,496,040
Cash and Cash Equivalents, Beginning of Year	2,156,769	660,729
Cash and Cash Equivalents, End of Year	\$ 2,188,603	\$ 2,156,769
Supplemental Disclosure of Cash Flow Information		
Forgiveness of PPP loan	\$ 1,602,063	\$ -
Cash paid during the year for interest	2,920	18,670

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 921 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 43 torture survivor centers and programs in 25 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 5,460 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 253,000 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 2021, IDREAM continued work with its first Cohort of 10 human rights defender organizations. Additionally, the second Cohort of 10 human right defender individuals were identified and welcomed 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 \$37.5 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 \$8.5 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 as well as non-intensive resilience-focused interventions. 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 and Mafraq. CVT worked in three locations in Kenya, including 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 atrocities receive care. CVT also is a sub-grantee to another international organization in a refugee settlement in the country's southwest. In Iraq, CVT builds the capacity of local service providers to treat Iraqi survivors of torture, war trauma, and sexual and gender-based violence. The Partners in Trauma Healing project, funded by USAID, concluded in January 2021; its successor, the Helping Survivors Heal project, launched in October 2021.

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 225 full-time and 85 part-time employees, with roughly 130 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 340 survivors of torture, which benefited 581 household members of clients. In its international direct service programs, CVT provided trauma rehabilitation services to over 2,200 survivors of war violence and human rights violations, including about 1,600 survivors of torture; these services are also estimated to have benefited about 12,700 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, 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 discount 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, 2021 and 2020, the allowance was \$34,559 and \$57,450, 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 years ended September 30, 2021 and 2020.

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, 2021 and 2020, is \$328,127 and \$357,639, 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 1.15% and .47% at September 30, 2021 and 2020, respectively.

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 Board-Designated Operating Reserve – Net assets available for general operations and subject to Board approval.

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

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.

A portion of the CVT's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the CVT has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The CVT received cost-reimbursable grants of \$18,565,936 and \$16,915,288 that have not been recognized at September 30, 2021 and 2020, because qualifying expenditures have not yet been incurred, with advance payments of \$1,081,665 and \$1,524,206 recognized in the statements of financial position as a refundable advance as of September 30, 2021 and 2020, respectively.

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

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. CVT's financial statements reflect the application of ASC 606 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact CVT's reported historical revenue.

CVT adopted the provisions of Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU provides revisions and deletions to guidance regarding the disclosure requirements included in Topic 820, including eliminating and modifying existing disclosure requirements. The accounting change has been retrospectively applied to prior periods presented, as required.

Subsequent Events

CVT has evaluated subsequent events through March 1, 2022, the date the financial statements were available to be issued. CVT determined there has been one subsequent event that met the criteria for recognition of disclosure.

CVT received funding from the Bureau of Population, Refugees and Migration (BPRM) for over ten years to support CVT Kenya. The most recent award was Cooperative Agreement SPRMCO20CA0078, totaling \$3,049,311 for the period of September 1, 2020 to August 31, 2021. CVT applied for, but did not receive, follow-on funding from BPRM. BPRM redirected funds allocated for Kenya from the Mental Health and Psychosocial Services Sector to the Basic Needs Sector. This donor priority shift significantly reduced CVT's competitiveness in seeking continued funding. CVT was awarded a No-Cost-Extension on this award, which changed the award end date to December 31, 2021. CVT maintains a small team of 13 staff in CVT Kenya with support from CVT Headquarters to continue a small scale of critical services for the most vulnerable clients in both Kakuma and Nairobi. This small program is funded by the UN, private donors, and CVT.

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:

	2021	2020
Cash and cash equivalents	\$ 2,188,603	\$ 2,156,769
Accounts receivable	758,526	994,746
Promises to give, net	1,120,321	812,565
Subtotal financial assets	4,067,450	3,964,080
Cash and cash equivalents - Board-designated	(150,000)	-
Restricted assets not anticipated to be released within 1 year	(231,666)	(26,654)
Expected release from endowments and restricted assets, net	54,649	45,781
Total assets available for general expenditures	\$ 3,740,433	\$ 3,983,207

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 following table presents assets measured at fair value on a recurring basis at September 30, 2021:

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>September 30, 2021</u>				
Investments				
Assets held by community foundations	\$ 9,437	\$ -	\$ -	\$ 9,437
Restricted investments				
Money market mutual funds	\$ 223,475	\$ 223,475	\$ -	\$ -
Assets held by community foundations	2,301,117	-	-	2,301,117
	<u>\$ 2,524,592</u>	<u>\$ 223,475</u>	<u>\$ -</u>	<u>\$ 2,301,117</u>

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

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<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 are transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities:

	<u>2021</u>	<u>2020</u>
Purchases	\$ 486,013	\$ 87,624
Issuances	6,421	4,227

Note 4 - Financial Instruments

Cash and cash equivalents include the following as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash in U.S. accounts	\$ 2,037,432	\$ 1,937,098
Cash in Kenya		
Held in Kenyan shillings	26,623	95,712
Cash in Jordan		
Held in Jordanian dinars	86,589	19,989
Cash in Uganda		
Held in U.S. dollars	6,150	19,130
Cash in Ethiopia		
Held in Ethiopian birr	21,931	64,337
Cash in Iraq		
Held in Iraqi dinars	9,878	20,503
	<u>\$ 2,188,603</u>	<u>\$ 2,156,769</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, 2021 and 2020:

	2021	2020
Within one year	\$ 1,136,080	\$ 848,065
In one to five years	622,155	783,705
	1,758,235	1,631,770
Less discount to net present value	(5,079)	(24,122)
Less allowance for uncollectible promises to give	(34,559)	(57,450)
	\$ 1,718,597	\$ 1,550,198

Note 6 - Property and Equipment

Property and equipment consists of the following at September 30, 2021 and 2020:

	2021	2020
Land	\$ 96,300	\$ 96,300
Building and property improvements	1,121,365	1,121,365
Leasehold improvement	646,820	646,820
Furniture and equipment	1,324,798	1,490,265
Software	237,312	-
Vehicles	219,203	277,237
	3,645,798	3,631,987
Less accumulated depreciation	(2,489,890)	(2,361,726)
	\$ 1,155,908	\$ 1,270,261

Note 7 - Line of Credit

CVT has a \$2,000,000 line of credit as of September 30, 2021 and 2020, 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% as of September 30, 2021 and 2020. There was \$0 outstanding on the line of credit as of September 30, 2021 and 2020.

Note 8 - Payroll Protection Program Loan

CVT was granted a \$1,595,240 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner in 2020. The loan was uncollateralized and was fully guaranteed by the Federal government. CVT was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. CVT met those requirements and the loan was forgiven in 2021 upon being legally released from the loan obligation by the SBA. CVT recorded debt forgiveness of \$1,595,240 in 2021 and it is reflected within other revenue on the statement of activities.

Note 9 - Leases

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

Years Ending September 30,	Amount
2022	\$ 293,341
2023	84,843
2024	12,096
	\$ 390,280

Total lease expense for the years ended September 30, 2021 and 2020, totaled \$729,613 and \$755,826, 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, 2021 and 2020, CVT had the following endowment net asset composition by type of fund:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>September 30, 2021</u>			
Donor-restricted funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,902,653	\$ 1,902,653
	<u> </u>	<u> </u>	<u> </u>
<u>September 30, 2020</u>			
Donor-restricted funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,892,653	\$ 1,892,653
	<u> </u>	<u> </u>	<u> </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, 2021 and 2020.

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.

The Center for Victims of Torture

Notes to Financial Statements
September 30, 2021 and 2020

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, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Year Ended September 30, 2021</u>			
Endowment net assets, beginning of year	\$ -	\$ 1,892,653	\$ 1,892,653
Investment return	-	315,712	315,712
Contributions	-	10,000	10,000
Appropriation of endowment assets pursuant to spending-rate policy	-	(315,712)	(315,712)
Endowment net assets, end of year	\$ -	\$ 1,902,653	\$ 1,902,653
	Without Donor Restrictions	With Donor Restrictions	Total
<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	\$ -	\$ 1,892,653	\$ 1,892,653

Note 11 - Net Assets with Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose		
New Tactics in Human Rights Project - Middle East and North Africa Initiative	\$ -	\$ 73,459
Client services	189,076	57,944
Zimbabwe Data Project	26,654	26,654
Uganda	24,338	32,371
Jordan	73,384	55,139
Kenya	20,000	22,168
Ethiopia	93,114	25,647
Public policy	357,034	47,907
COVID Campaign	418,184	592,711
Special Fund Raising Campaign	763,645	-
Project Mariposa	190,425	-
Southern Border	-	13,931
PATH	-	17,049
	<u>2,155,854</u>	<u>964,980</u>
Subject to the Passage of Time	<u>46,326</u>	<u>53,366</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Innovation	1,535,000	1,535,000
Client services	342,653	332,653
General use	25,000	25,000
	<u>1,902,653</u>	<u>1,892,653</u>
Total endowment	<u>1,902,653</u>	<u>1,892,653</u>
Total net assets with donor restrictions	<u>\$ 4,104,833</u>	<u>\$ 2,910,999</u>

The Center for Victims of Torture

Notes to Financial Statements
September 30, 2021 and 2020

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, 2021 and 2020:

	2021	2020
Program restriction		
New Tactics in Human Rights Project - Middle East and North Africa Initiative	\$ 403,459	\$ 201,434
Client services	296,918	383,681
Uganda	255,812	44,187
Jordan	83,408	93,347
Kenya	110,138	100,346
Ethiopia	218,687	80,797
Public policy	225,874	226,585
COVID Campaign	177,251	54,196
Special Fund Raising Campaign	1,136	-
Project Mariposa	7,075	-
Southern Border	70,386	117,968
PATH	17,049	2,951
	1,867,193	1,305,492
Timing restriction		
General operations	6,781	6,781
	\$ 1,873,974	\$ 1,312,273

Net assets released from restriction related to the appropriation of endowment assets pursuant to the spending-rate policy for the years ended September 30, 2021 and 2020, were \$315,712 and \$79,900, respectively.

Note 12 - Donated Professional Services and Materials

CVT received donated professional services and materials as follows during the years ended September 30, 2021 and 2020:

	Client Services	Management and General	Total
<u>Year Ended September 30, 2021</u>			
In-kind gift cards	\$ 2,580	\$ -	\$ 2,580
In-kind state dining room table/chairs	250	-	250
In-kind legal services	-	84,648	84,648
	\$ 2,830	\$ 84,648	\$ 87,478
<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

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

For the years ended September 30, 2021 and 2020, 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:

	2021	2020
Fundraising	\$ 148,629	\$ 129,729
Public policy and education	166,070	133,589
Grassroots lobbying	4,244	6,197
	\$ 318,943	\$ 269,515

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 \$469,942 and \$416,751 for the years ended September 30, 2021 and 2020, respectively.