Financial Statements
September 30, 2022 and 2021

The Center for Victims of Torture

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Center for Victims of Torture (the Organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023, on our consideration of the Organization'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 solely 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Eide Bailly LLP

Minneapolis, Minnesota
March 9, 2023

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 2,786,518	$ 2,188,603
Accounts receivable	2,102,381	758,526
Promises to give, net	928,093	1,120,321
Prepaid expenses	362,733	343,368
Total current assets	6,179,725	4,410,818
Property and Equipment, Net	1,064,803	1,106,892
Noncurrent Assets		
NC Promises to give, net	429,816	598,276
Software Implementation, net	221,854	49,016
Investments	7,930	9,437
Restricted investments	2,160,829	2,524,592
Other assets	66,129	79,914
Beneficial interest in lead trust	39,430	46,326
Total noncurrent assets	2,925,988	3,307,561
Total assets	$ 10,170,516	$ 8,825,271
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 1,998,140	$ 666,546
Accrued expenses and other liabilities	631,396	508,970
Deferred grants	1,311,141	1,081,665
Total current liabilities	3,940,677	2,257,181
Total liabilities	3,940,677	2,257,181
Net Assets		
Without donor restrictions		
Undesignated	2,739,086	2,313,257
Board-designated operating reserve	150,000	150,000
	2,889,086	2,463,257
With donor restrictions		
Time-restricted for future period	39,430	46,326
Purpose restrictions	1,788,635	2,155,854
Perpetual in nature	1,512,688	1,902,653
Total net assets	6,229,839	6,568,090
Total liabilities and net assets	$ 10,170,516	$ 8,825,271

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	$ 6,055,637	$ 2,467,370	$ 8,523,007
Program service fees	18,995,924	-	18,995,924
Net investment return	(2,710)	(415,348)	(418,058)
Other revenue	35,319	-	35,319
Donated professional services	36,252	-	36,252
Change in value of split interest agreements	-	(115)	(115)
Net assets released from restriction pursuant to endowment spending-rate distribution formula	-	-	-
Net assets released from restrictions	2,815,987	(2,815,987)	-
Total revenue, support, and gains	27,936,409	(764,080)	27,172,329
Expenses and Losses			
Program services			
Client services	3,470,905	-	3,470,905
Capacity development	4,951,685	-	4,951,685
Research	433,010	-	433,010
Public policy/education	1,006,302	-	1,006,302
International services	10,581,492	-	10,581,492
Total program services	20,443,394	-	20,443,394
Supporting services			
Fundraising	1,489,685	-	1,489,685
Management and general	5,577,502	-	5,577,502
Total supporting services	7,067,187	-	7,067,187
Total expenses	27,510,581	-	27,510,581
Change in Net Assets	425,828	(764,080)	(338,252)
Net Assets, Beginning of Year	2,463,258	4,104,833	6,568,091
Net Assets, End of Year	$ 2,889,086	$ 3,340,753	$ 6,229,839

	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 and materials	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	3,385,057	-	3,385,057
Research	367,247	-	367,247
Public policy/education	728,292	-	728,292
International services	11,022,587	-	11,022,587
Total program services	18,452,195	-	18,452,195
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	24,207,100	-	24,207,100
Change in Net Assets	1,365,385	1,193,834	2,559,219
Net Assets, Beginning of Year	1,097,873	2,910,999	4,008,872
Net Assets, End of Year	$ 2,463,258	$ 4,104,833	$ 6,568,091

The Center for Victims of Torture
Schedule of Functional Expenses
FY 2022

	Program Services						Supporting Services		
	Client Services	Capacity Development	Evaluation and Research	Public Policy/ Education	International Services	Total Program Services	Fundraising	Management and General	Total
Salaries	$ 2,329,112	$ 2,319,145	$ 276,456	$ 529,368	$ 6,374,756	$ 11,828,837	$ 505,891	$ 3,477,093	$ 15,811,821
Benefits and taxes	538,948	526,304	57,026	130,050	1,265,346	2,517,674	121,742	527,135	3,166,551
Allowances	-	395	-	-	31,459	31,854	120	120,368	152,342
	2,868,060	2,845,844	333,482	659,418	7,671,561	14,378,365	627,753	4,124,596	19,130,714
Professional Services	24,837	443,055	20,151	18,875	193,365	700,283	158,235	563,341	1,421,859
Travel	21,426	172,313	15,035	7,791	532,295	748,860	23,456	36,029	808,345
Sub-grants	-	1,131,627	-	-	556,077	1,687,704	-	-	1,687,704
Meetings and conferences	5,706	119,256	30,420	2,112	48,957	206,451	6,325	13,278	226,054
Client assistance	188,278	13,111	3,650	-	457,681	662,720	-	2,332	665,052
Occupancy	182,491	100,391	8,476	63,324	657,712	1,012,394	36,558	182,875	1,231,827
Printing and postage	10,809	4,292	676	170,806	10,692	197,275	519,402	23,103	739,780
Office support	151,954	103,069	21,043	83,831	418,303	778,200	58,836	379,258	1,216,294
Service fees and allowances	17,344	18,727	77	145	34,849	71,142	59,120	39,598	169,860
Depreciation and amortization	-	-	-	-	-	-	-	213,092	213,092
Total expenses	$ 3,470,905	$ 4,951,685	$ 433,010	$ 1,006,302	$ 10,581,492	$ 20,443,394	$ 1,489,685	$ 5,577,502	$ 27,510,581

The Center for Victims of Torture
Schedule of Functional Expenses
FY 2021

	Program Services						Supporting Services		
	Client Services	Capacity Development	Evaluation and Research	Public Policy/ Education	International Services	Total Program Services	Fundraising	Management and General	Total
Salaries	$ 1,973,713	$ 1,748,715	$ 271,426	$ 388,079	$ 6,851,235	$ 11,233,168	$ 515,387	$ 2,781,721	$ 14,530,276
Benefits and taxes	439,970	428,745	57,519	93,639	1,360,119	2,379,992	124,207	425,277	2,929,476
Allowances	-	3,727	331	-	88,963	93,021	-	133,955	226,976
	2,413,683	2,181,187	329,276	481,718	8,300,317	13,706,181	639,594	3,340,953	17,686,728
Professional Services	4,844	324,155	-	15,000	394,900	738,899	182,612	283,848	1,205,359
Travel	8,982	14,853	1,802	95	350,453	376,185	1,665	5,649	383,499
Sub-grants	-	649,463	-	-	634,501	1,283,964	-	-	1,283,964
Meetings and conferences	5,098	16,281	-	324	15,078	36,781	5,351	7,270	49,402
Client assistance	158,207	13,324	291	-	296,882	468,704	181	180	469,065
Occupancy	200,218	94,158	9,096	36,102	559,128	898,702	31,397	162,845	1,092,944
Printing and postage	8,700	4,468	303	148,925	11,004	173,400	438,015	116,552	727,967
Office support	139,507	76,881	26,084	46,068	392,246	680,786	68,832	270,502	1,020,120
Service fees and allowances	9,773	10,287	395	60	68,078	88,593	8,689	(700)	96,582
Depreciation	-	-	-	-	-	-	-	191,470	191,470
Total expenses	$ 2,949,012	$ 3,385,057	$ 367,247	$ 728,292	$ 11,022,587	$ 18,452,195	$ 1,376,336	$ 4,378,569	$ 24,207,100

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (338,251)	$ 2,559,218
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	213,092	191,470
Loss on disposal of property and equipment	(13,823)	2,002
Income recognized from Paycheck Protection Program loan forgiveness	-	(1,602,063)
Realized and unrealized (gain) loss on investments	3,000	(4,217)
Change in value of split-interest agreement	115	259
Contributions restricted for endowment	(25,383)	(10,000)
Endowment net investment return	415,058	(315,712)
Changes in operating assets and liabilities		
Accounts receivable	(1,343,857)	236,220
Promises to give	360,688	(193,399)
Prepaid expenses	(19,365)	49,029
Other asset	13,785	(37,489)
Accounts payable	1,331,594	236,245
Accrued expenses and other liabilities	122,718	(114,590)
Deferred grants	229,476	(442,541)
Net Cash from Operating Activities	948,847	554,432
Cash Flows from Investing Activities		
Purchase of investments and restricted investments	1,508	5,244
Addition to endowment	(58,678)	(490,504)
Withdrawal from assets held under split-interest agreement	6,781	6,781
Purchase of software costs, property and equipment	(350,926)	(79,119)
Net Cash used for Investing Activities	(401,315)	(557,598)
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	50,383	35,000
Net Cash from Financing Activities	50,383	35,000
Net Change in Cash and Cash Equivalents	597,915	31,834
Cash and Cash Equivalents, Beginning of Year	2,188,603	2,156,769
Cash and Cash Equivalents, End of Year	$ 2,786,518	$ 2,188,603
Supplemental Disclosure of Cash Flow Information		
Forgiveness of PPP loan	$ -	$ 1,602,063
Cash paid during the year for interest	10,692	2,920

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Founded in 1985, the mission of the Center for Victims of Torture (CVT or the Organization) 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.

US Clinical Programs

Responding to the lasting physical and psychological damage done by torture, CVT's Clinical Programs annually touches the lives of nearly 1,000 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. In Arizona, through a project entitled Proyecto Mariposa, CVT provides destination case management to asylum-seeking families with complex physical and psychological health needs.

Capacity Development

CVT's Capacity Development department supports external organizations and individuals to strengthen their capacity to do healing, advocacy, research, and prevention work.

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 to strengthen the delivery of integrated, sustainable care for survivors across the United States. The Helping Survivors Heal (HSH) project works with 11 torture rehabilitation organizations outside the US with a goal to expand access to appropriate evidence based mental health and psychosocial services to survivors of torture. The New Tactics in Human Rights program promotes enhanced strategic and tactical planning and action among the human rights community around the world and online with thousands of training participants from 89 countries. The IDREAM Project supports human rights defenders (HRDs) around the world who have been forced into exile due to their human rights advocacy work by providing capacity development services in these three areas: mental health resilience; effective advocacy; and integrated security; other projects provide similar support to HRDs in their home countries.

Research

Monitoring, evaluation, and research are focus areas for CVT. In direct services programs (both within the United States and internationally), CVT measures change in clients' mental health symptoms and adaptive social functioning, that is the trajectory of recovery after extreme psychological and physical traumas to independent functioning in the world. Evaluation and research staff serve as subject matter experts on evaluation and provide internal evaluation through CVTs capacity development projects which build the strength of individuals, organizations, and networks that provide services to torture survivors and are engaged in defending human rights and ending torture 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 $40 million annually: $19 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 $9 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 and communities of displacement in the country's north, and in Gambella in the west. In Jordan, CVT cares for urban refugees in Amman. CVT maintains small operations in two locations in Kenya, including Nairobi and Kalobeyei. 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. In its international direct service programs this past year, CVT provided trauma rehabilitation services to over 2,220 survivors of war violence and human rights violations, including about 965 survivors of torture; these services are also estimated to have benefited about 10,975 household members of clients.

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. On average, CVT has 416 employees, with roughly 141 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.

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, 2022 and 2021, the allowance was $24,414 and $34,599, 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, 2022 and 2021.

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, 2022 and 2021, is $371,450 and $328,127, respectively.

Software implementation include capitalizable costs incurred during the implementation of the Organizations' cloud-based accounting system. As of September 30, 2022, all software implementation costs have been incurred, with total project costs incurred for the system of $242,761. The implementation of the Organization's cloud-based accounting system was completed during the year ended September 30, 2022, and the amortization of these implementation related costs have been commenced. Amortization expense of $20,907 for the year ended September 30, 2022 are included in depreciation and amortization on the statement of functional expense.

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 1.92% and 1.15% at September 30,2022 and 2021, 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 $18,187,454 and $18,565,936 that have not been recognized at September 30, 2022 and 2021, because qualifying expenditures have not yet been incurred, with advance payments of $1,311,141 and $1,081,665 recognized in the statement of financial position as a refundable advance as of September 30, 2022 and 2021, 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

As of October 1, 2021, the Organization adopted the provision of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The standard requires enhanced presentation and disclosure of contributed nonfinancial assets.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effects on the change in net assets or total net assets as previously reported.

Subsequent Events

CVT has evaluated subsequent events through March 9, 2023, the date the financial statements were available to be issued. CVT determined there were no subsequent events that met the criteria.

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:

	2022	2021
Cash and cash equivalents	$ 2,786,518	$ 2,188,603
Accounts receivable	2,102,381	758,526
Promises to give, net	928,093	1,120,321
Subtotal financial assets	5,816,992	4,067,450
Cash and cash equivalents - Board-designated	(150,000)	(150,000)
Restricted assets not anticipated to be released within 1 year	(184,199)	(231,666)
Expected release from endowments and restricted assets, net	65,090	54,649
Total assets available for general expenditures	$ 5,547,883	$ 3,740,433

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 30,2022:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2022				
Investments				
Assets held by community foundations	$ 7,930	$ -	$ -	$ 7,930
Restricted investments				
Money market mutual funds	$ 199,577	$ 199,577	$ -	$ -
Assets held by community foundations	1,961,252	-	-	1,961,252
	$ 2,160,829	$ 199,577	$ -	$ 1,961,252

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

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2021				
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
	$ 2,524,592	$ 223,475	$ -	$ 2,301,117

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:

	2022	2021
Purchases	$ 80,383	$ 486,013
Issuances	7,044	6,421

Note 4 - Financial Instruments

Cash and cash equivalents include the following as of September 30, 2022 and 2021:

	2022	2021
Cash in U.S. accounts	$ 2,043,325	$ 2,037,432
Cash in Ethiopia		
Held in Ethiopian birr	475,663	21,931
Cash in Jordan		
Held in Jordanian dinars	232,009	86,589
Cash in Iraq		
Held in Iraqi dinars	33,118	9,878
Cash in Uganda		
Held in U.S. dollars	1,485	6,150
Cash in Kenya		
Held in Kenyan shillings	919	26,623
	$ 2,786,519	$ 2,188,603

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, 2022 and 2021:

	2022	2021
Within one year	$ 939,252	$ 1,136,080
In one to five years	469,001	622,155
	1,408,253	1,758,235
Less discount to net present value	(25,930)	(5,079)
Less allowance for uncollectible promises to give	(24,414)	(34,559)
	$ 1,357,909	$ 1,718,597

Note 6 - Property and Equipment

Property and equipment consist of the following at September 30, 2022 and 2021:

	2022	2021
Land	$ 96,300	$ 96,300
Building and property improvements	1,121,365	1,121,365
Leasehold improvement	646,820	646,820
Furniture and equipment	1,474,895	1,324,798
Software	188,296	188,296
Vehicles	219,203	219,203
	3,746,879	3,596,782
Less accumulated depreciation	(2,682,076)	(2,489,890)
	$ 1,064,803	$ 1,106,892

Note 7 - Line of Credit

CVT has a $2,000,000 line of credit as of September 30,2022, and $2,000,000 as of September 30,2021, 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, 2022 and 2021. There was $0 outstanding on the line of credit as of September 30, 2022 and 2021.

Note 8 - Paycheck Protection Program (PPP) Loan

CVT was granted a $1,595,240 loan under the 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 loan forgiveness income of $1,595,240 in 2021.

Note 9 - Leases

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

Years Ending September 30,	Amount
2023	$ 328,105
2024	15,401
2025	-
	$ 343,506

Total lease expense for the year ended September 30, 2022 and 2021, totaled $749,928 and $729,613, 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, 2022 and 2021, CVT had the following endowment net asset composition by type of fund:

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. Deficiencies of this nature existed in one donor-restricted endowment fund, which together have an original gift value of $235,478, a current fair value of $199,577, and a deficiency of $35,901 as of September 30, 2022. This deficiency resulted from unfavorable market fluctuations that occurred during the year. There were no appropriated expenditures from the underwater endowment during the year. There were no underwater endowments as of September 30, 2021.

	Without Donor Restrictions	With Donor Restrictions	Total
September 30 ,2022			
Donor-restricted Funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 1,512,688	$ 1,512,688
September 30, 2021			
Donor-restricted Funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 1,902,653	$ 1,902,653

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, 2022 and 2021:

Year Ended September 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 1,902,653	$ 1,902,653
Investment return	-	(415,348)	(415,348)
Contributions	-	25,383	25,383
Appropriation of endowment assets pursuant to spending-rate policy	-	-	-
Endowment net assets, end of year	$ -	$ 1,512,688	$ 1,512,688

Year Ended September 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
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

Note 11 - Net Assets with Donor Restrictions

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

	2022	2021
Subject to Expenditure for Specified Purpose		
New Tactics in Human Rights Project - Middle East and North Africa Initiative	$ 37,500	$ -
Client services	74,000	189,076
Zimbabwe Data Project	26,654	26,654
Uganda	87,460	24,338
Jordan	75,756	73,384
Kenya	58,352	20,000
Ethiopia	353,958	93,114
Public policy	102,439	357,034
COVID Campaign	186,276	418,184
Special Fund Raising Campaign	608,070	763,645
Project Mariposa	178,170	190,425
Total subject to expenditure for specified purpose	1,788,635	2,155,854
Subject to the Passage of Time	39,430	46,326
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Innovation	1,119,652	1,535,000
Client services	368,036	342,653
General use	25,000	25,000
Total endowment	1,512,688	1,902,653
Total net assets with donor restrictions	$ 3,340,753	$ 4,104,833

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, 2022 and 2021:

	2022	2021
Program restriction		
New Tactics in Human Rights Project - Middle East and North Africa Initiative	$ 372,500	$ 403,459
Client services	576,530	296,918
Uganda	140,935	255,812
Jordan	97,628	83,408
Kenya	142,123	110,138
Ethiopia	349,657	218,687
Public policy	539,594	225,874
COVID Campaign	231,908	177,251
Special Fund Raising Campaign	163,076	1,136
Project Mariposa	185,255	7,075
Southern Border	10,000	70,386
PATH	-	17,049
	2,809,206	1,867,193
Timing restriction		
General operations	6,781	6,781
	$ 2,815,987	$ 1,873,974

Net assets released from restriction related to the appropriation of endowment assets pursuant to the spending-rate policy for the year ended September 30, 2021 was $315,712. There were no amounts released in 2022.

Note 12 - Donated Professional Services and Materials

CVT received donated professional services and materials as follows during the year ended September 30, 2022 and 2021:

	Client Services	Management and General	Total
Year Ended September 30, 2022			
In-kind gift cards	$ 110	$ -	$ 110
In-kind legal services	-	36,142	36,142
	$ 110	$ 36,142	$ 36,252
Year Ended September 30, 2021			
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

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

For the years ended September 30, 2022 and 2021, 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:

	2022	2021
Fundraising	$ 166,247	$ 148,629
Public policy and education	176,623	166,070
Grassroots lobbying	3,443	4,244
	$ 346,313	$ 318,943

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.

CVT's program in Tigray Ethiopia was operating in an active conflict since November 2020. Due to the conflict between the Ethiopian government and the Tigray People's Liberation Front, Ethiopia's tax collection infrastructure was suspended in the region. This prevented all humanitarian agencies, including CVT, from paying their payroll taxes to the regional tax authority. Payroll taxes and other related liabilities were accrued during this period. The program was not able to pay the liabilities because of the regional tax authority closures. This resulted in a liability balance of $927,009 as of September 30, 2022. On November 2, 2022, a peace agreement was signed, which has brought about the end of active conflict, return of electricity, phone networks, partial bank re-opening and other basic systems and infrastructure. CVT management anticipates that the regional tax authority will be operational soon and that payroll taxes will be requested after that time.

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 $450,950 and $469,942 for the year ended September 30, 2022 and 2021, respectively.