

FINANCIAL STATEMENTS

CENTER FOR VICTIMS OF TORTURE

**FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

CENTER FOR VICTIMS OF TORTURE

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Center for Victims of Torture (CVT), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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 CVT as of September 30, 2023, and the change in its net assets and its cash flows for the year 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 and *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 CVT 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 the 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 CVT's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 generally accepted auditing standards 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, including omissions, 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 generally accepted 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 CVT'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 CVT'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.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from CVT's 2022 financial statements, which were audited by other auditors and, in their report dated March 9, 2023, they expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2024, 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 and 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 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.



April 26, 2024

CENTER FOR VICTIMS OF TORTURE
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,691,686	\$ 2,786,518
Investments	656,449	656,071
Accounts receivable	237,263	161,514
Pledges receivable, net	2,095,454	928,093
Grants receivable	1,740,506	1,940,867
Prepaid expenses	<u>517,366</u>	<u>362,733</u>
Total current assets	<u>7,938,724</u>	<u>6,835,796</u>
PROPERTY AND EQUIPMENT, NET	<u>940,627</u>	<u>1,064,803</u>
NONCURRENT ASSETS		
Software implementation, net	525,615	221,854
Investments	1,702,076	1,512,688
Other asset	92,435	66,129
Right-of-use assets, net	453,380	-
Beneficial interest in lead trust	32,973	39,430
Pledges receivable, net	<u>946,937</u>	<u>429,816</u>
Total noncurrent assets	<u>3,753,416</u>	<u>2,269,917</u>
TOTAL ASSETS	<u>\$ 12,632,767</u>	<u>\$ 10,170,516</u>

CENTER FOR VICTIMS OF TORTURE
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Line of credit	\$ 700,000	\$ -
Accounts payable and accrued liabilities	2,630,535	1,998,140
Refundable advances	2,528,262	1,311,141
Accrued salaries and related benefits	787,592	631,396
Operating lease liabilities	<u>166,674</u>	<u>-</u>
Total current liabilities	<u>6,813,063</u>	<u>3,940,677</u>
NONCURRENT LIABILITIES		
Operating lease liabilities, net of current	<u>299,416</u>	<u>-</u>
Total liabilities	<u>7,112,479</u>	<u>3,940,677</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	1,544,670	2,739,086
Board designated	<u>454,364</u>	<u>150,000</u>
Total net assets without donor restrictions	1,999,034	2,889,086
With donor restrictions	<u>3,521,254</u>	<u>3,340,753</u>
Total net assets	<u>5,520,288</u>	<u>6,229,839</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>12,632,767</u>	\$ <u>10,170,516</u>

CENTER FOR VICTIMS OF TORTURE

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 3,810,866	\$ 4,516,949	\$ 8,327,815	\$ 8,523,007
Government grants	21,750,928	-	21,750,928	17,960,096
Program service fees	933,990	-	933,990	1,035,828
Investment income (loss), net	10,234	236,343	246,577	(418,058)
Contributed nonfinancial assets	48,517	-	48,517	36,252
Other revenue	43,435	-	43,435	35,319
Change in value of split interest agreements	-	324	324	(115)
Net assets released from donor restrictions	<u>4,573,115</u>	<u>(4,573,115)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>31,171,085</u>	<u>180,501</u>	<u>31,351,586</u>	<u>27,172,329</u>
EXPENSES				
Program Services:				
Client Services	5,397,543	-	5,397,543	3,470,905
Capacity Development	7,600,027	-	7,600,027	4,951,685
Evaluation and Research	464,815	-	464,815	433,010
Public Policy	954,825	-	954,825	1,006,302
International Services	<u>10,330,545</u>	<u>-</u>	<u>10,330,545</u>	<u>10,581,492</u>
Total program services	<u>24,747,755</u>	<u>-</u>	<u>24,747,755</u>	<u>20,443,394</u>
Supporting Services:				
Management and General	5,579,574	-	5,579,574	5,577,502
Fundraising	<u>1,733,808</u>	<u>-</u>	<u>1,733,808</u>	<u>1,489,685</u>
Total supporting services	<u>7,313,382</u>	<u>-</u>	<u>7,313,382</u>	<u>7,067,187</u>
Total expenses	<u>32,061,137</u>	<u>-</u>	<u>32,061,137</u>	<u>27,510,581</u>
Change in net assets	(890,052)	180,501	(709,551)	(338,252)
Net assets at beginning of year	<u>2,889,086</u>	<u>3,340,753</u>	<u>6,229,839</u>	<u>6,568,091</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,999,034</u>	<u>\$ 3,521,254</u>	<u>\$ 5,520,288</u>	<u>\$ 6,229,839</u>

CENTER FOR VICTIMS OF TORTURE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023									2022	
	Program Services					Supporting Services				Total Expenses	Total Expenses
	Client Services	Capacity Development	Evaluation and Research	Public Policy	International Services	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 2,841,613	\$ 3,779,170	\$ 250,479	\$ 481,411	\$ 5,895,427	\$ 13,248,100	\$ 3,541,151	\$ 640,611	\$ 4,181,762	\$ 17,429,862	\$ 15,467,027
Benefits and taxes	658,001	863,918	53,174	113,197	1,534,353	3,222,643	604,547	160,513	765,060	3,987,703	3,511,345
Allowances	-	9,788	138	-	25,357	35,283	65,591	-	65,591	100,874	152,342
Subtotal personnel	3,499,614	4,652,876	303,791	594,608	7,455,137	16,506,026	4,211,289	801,124	5,012,413	21,518,439	19,130,714
Professional services	976,811	646,173	67,835	94,117	324,714	2,109,650	361,006	86,514	447,520	2,557,170	1,421,859
Travel	33,289	409,391	21,029	14,628	926,244	1,404,581	46,826	71,442	118,268	1,522,849	808,345
Sub-grants	230,403	1,335,811	-	-	40,739	1,606,953	-	-	-	1,606,953	1,687,704
Meetings and conferences	6,167	187,257	51,993	3,171	66,447	315,035	5,581	23,482	29,063	344,098	226,054
Client assistance	202,949	88,121	3,522	-	543,416	838,008	3,157	-	3,157	841,165	665,052
Occupancy	224,498	111,885	5,955	50,688	443,883	836,909	201,332	35,661	236,993	1,073,902	1,231,827
Printing and postage	11,289	6,692	184	156,816	7,503	182,484	34,322	552,226	586,548	769,032	739,780
Office support	202,420	134,478	10,325	40,727	480,676	868,626	433,744	94,236	527,980	1,396,606	1,216,294
Service fees and allowances	10,103	27,343	181	70	41,786	79,483	30,118	69,123	99,241	178,724	169,860
Depreciation and amortization	-	-	-	-	-	-	252,199	-	252,199	252,199	213,092
TOTAL	\$ 5,397,543	\$ 7,600,027	\$ 464,815	\$ 954,825	\$ 10,330,545	\$ 24,747,755	\$ 5,579,574	\$ 1,733,808	\$ 7,313,382	\$ 32,061,137	\$ 27,510,581

See accompanying notes to financial statements.

CENTER FOR VICTIMS OF TORTURE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (709,551)	\$ (338,252)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	252,199	213,092
Loss (gain) on disposal of property and equipment	9,960	(13,823)
Realized and unrealized (gain) loss on investments	(254,835)	418,058
Change in value of split-interest agreement	(324)	115
Change in allowance for doubtful accounts	(25,371)	10,145
Change in discount on noncurrent receivables	(123,757)	(20,850)
Contributions restricted for endowment	(10,000)	(25,383)
Amortization of right-of-use assets	194,253	-
(Increase) decrease in:		
Accounts receivable	(75,749)	-
Pledges receivable	(1,535,354)	(1,333,152)
Grants receivable	200,361	360,688
Prepaid expenses	(154,633)	(19,365)
Other asset	(26,306)	13,785
Increase (decrease) in:		
Accounts payable and accrued liabilities	632,395	1,331,595
Refundable advances	1,217,121	229,476
Accrued salaries and related benefits	156,196	122,718
Operating lease liabilities	(181,543)	-
Net cash (used) provided by operating activities	<u>(434,938)</u>	<u>948,847</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net	65,069	1,508
Additions to endowment	-	(58,678)
Withdrawal from assets held under split-interest agreement	6,781	6,781
Purchase of software costs, property and equipment	(441,744)	(350,926)
Net cash used by investing activities	<u>(369,894)</u>	<u>(401,315)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	700,000	-
Collections of contributions restricted to endowment	10,000	50,383
Net cash provided by financing activities	<u>710,000</u>	<u>50,383</u>
Net (decrease) increase in cash and cash equivalents	(94,832)	597,915
Cash and cash equivalents at beginning of year	<u>2,786,518</u>	<u>2,188,603</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,691,686</u>	<u>\$ 2,786,518</u>

See accompanying notes to financial statements.

CENTER FOR VICTIMS OF TORTURE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	<u>2023</u>	<u>2022</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	\$ <u>20,725</u>	\$ <u>10,692</u>
SCHEDULE OF NONCASH TRANSACTIONS:		
Right-of-Use Assets	\$ <u>647,633</u>	\$ <u>-</u>
Operating Lease Liabilities for Right-of-Use Assets	\$ <u>647,633</u>	\$ <u>-</u>

CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

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. CVT has touched more than 250,000 lives during the fiscal year end September 30, 2023 through this work.

Client Services

Responding to the lasting physical and psychological damage done by torture, CVT's Clinical Programs annually touch the lives of nearly 1,400 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.

CVT was actively engaged in two significant new projects, named Arman in Atlanta, Georgia, and Raahat in St. Paul, Minnesota. These are funded by the Office of Refugee Resettlement Services over three years. These initiatives aim to assist Afghan arrivals and their families in achieving long-term physical, social, and economic well-being. This response comes in the wake of over 80,000 Afghan evacuees resettling in the United States since August 2021, many of whom lack pre-existing ties to the U.S. In executing these projects, CVT collaborates with the International Rescue Committee (IRC) in Georgia and Afghan Cultural Services (ACS) in Minnesota to deliver holistic, coordinated, and interdisciplinary services to 125 Afghan survivors in each location

CVT successfully conducted a comprehensive project to support 222 parolees from Nicaragua. The project included emotional support services, involving 108 emotional support sessions, 62 individual psychotherapy sessions, 25 psychiatry sessions, and various group sessions and trainings. Additionally, CVT implemented destination case management through telehealth services for six months, and hosted four virtual workshops on topics ranging from Spanish citizenship to political asylum. This project was funded through multiple funding streams.

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 12 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.

CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Organization (continued) -

Capacity Development (Continued)

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.

Evaluation and 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 CVT's 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

Policy advocacy primarily aims to maintain - and where feasible increase - both U.S. and other governments' funding for torture survivor rehabilitation programs in the U.S. and abroad; preserve access to asylum and refugee resettlement for survivors of torture seeking protection in the United States; ensure humane detention, interrogation, and prisoner treatment policies in U.S. counterterrorism operations; and ensure State's adherence to - and seek to strengthen - the prohibition on torture more broadly.

CVT's work on U.S. appropriations to torture survivor rehabilitation work results in funding of \$39 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 \$8 million in funds for torture survivor programs worldwide through a State Department contribution to the United Nations Voluntary Fund for Victims of Torture.

International Services

CVT's international projects utilize group counseling/therapy, social services, and physical therapy 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 and pursue their justice goals. CVT also is a sub-grantee to another international organization in a refugee settlement in the country's southwest. International Services also conducted an assessment to two locations in Mexico along the migration route to the US border, and to Ukraine in support of that country's Office of the Prosecutor General. Finally, CVT also provided support, as a sub-grantee, to investigators of SGBV atrocity crimes in Burma.

CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Organization (continued) -

International Services (Continued)

In its international direct service programs this past year, CVT provided trauma rehabilitation services to over 2,700 survivors of war violence and human rights violations, including about 1,300 survivors of torture; these services are also estimated to have benefited about 13,000 household members of clients.

Management and General, Fundraising

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 432 employees, with roughly 156 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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than CVT's mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CVT's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncement adopted -

During 2023, CVT adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. CVT applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 10 for further details.

Cash and cash equivalents -

CVT considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents, excluding money market funds held by investment managers in the amount of \$26,383 for the year ended September 30, 2023. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, CVT maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

CVT had approximately \$1,043,000 of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2023. The majority of funds invested in foreign countries are uninsured.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income (loss), which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. CVT's policy is to liquidate all gifts of investments as soon as possible after the gift.

Receivables -

Accounts receivable primarily consists of amounts due within one year related to program service fees. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for doubtful accounts. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor/customer. Management considers all amounts to be collectable within one year from the date of the Statement of Financial Position.

Pledges and grants receivable include unconditional promises to give that are expected to be collected in future years. Pledges and grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term Pledges and grants receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions revenue. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor or customer.

CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 3 to 39 years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended September 30, 2023 totaled \$252,199.

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 expected to result from its use and eventual disposition. There were no indicators of asset impairment during the year ended September 30, 2023.

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, 2023 is approximately \$303,000.

Software implementation include capitalizable costs incurred during the implementation of the Organizations' cloud-based accounting system. As of September 30, 2023, all software implementation costs have been incurred, with total project costs incurred for the system of \$617,937. The implementation of CVT's cloud-based accounting system, Human Resources Information System (HRIS) and website were completed during the year ended September 30, 2023, and the amortization of these implementation related costs have been commenced. Amortization expense of \$92,322 for the year ended September 30, 2023 is included in depreciation and amortization on the accompanying Statement of Functional Expenses.

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% at September 30, 2023. 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.

Income taxes -

CVT is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. CVT is not a private foundation.

Uncertain tax positions -

For the year ended September 30, 2023, CVT has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Revenue -

Contributions and grants -

CVT receives contributions, including unconditional promises to give, from many sources as well as grants from the U.S. Government, state governments, and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. CVT performs an analysis of the individual contribution or grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and awards from the United States Government and other state governments are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional.

Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, CVT had approximately \$16,870,000 in unrecognized conditional awards as of September 30, 2023.

Program service fees -

Program service fees classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers*, are recorded as revenue when performance obligations are met. CVT has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of satisfying performance obligations are recorded as deferred revenue.

Contributed nonfinancial assets -

Contributed nonfinancial assets consist of pro-bono services and donated goods. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CVT. Goods donated for distribution for CVT's programs are recorded at their fair market value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to CVT; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Foreign currency translation -

The U.S. Dollar is the functional currency for CVT's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into Dollars at the exchange rate in effect at the date of the Statement of Financial Position.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of CVT are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Risks and uncertainties -

CVT invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for CVT for the year ending September 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

CVT plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

2. INVESTMENTS

Investments consisted of the following as of September 30, 2023:

	<u>Fair Value</u>
Money market funds	\$ 26,383
Exchange-traded funds	215,120
Assets held by community foundations	<u>2,117,022</u>
TOTAL INVESTMENTS	<u>\$ 2,358,525</u>

Included in investment income, net are the following:

Interest and dividends	\$ 19,208
Unrealized and realized gain	254,835
Investment fees	<u>(27,466)</u>
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	<u>\$ 246,577</u>

In accordance with FASB ASC 820, *Fair Value Measurement*, CVT has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market CVT has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended September 30, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market fund are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Exchange-Traded Funds* - Valued at the daily closing price as reported by the fund. ETFs held by CVT are open-end funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. ETFs held by CVT are deemed to be actively traded.

CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

2. INVESTMENTS (Continued)

- *Assets held by Community Foundations* - Valued at the number of participation units held at year-end multiplied by the current participation-unit value. Investments in pooled separate accounts represent ownership of units of participation in various funds, and not ownership of specific assets. The value of a unit of participation is the total value of each fund within the separate accounts divided by the number of units outstanding. Net asset values of pooled separate accounts are not publicly quoted.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of September 30, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 26,383	\$ -	\$ -	\$ 26,383
Exchange-traded funds	215,120	-	-	215,120
Assets held by community foundations	<u>-</u>	<u>-</u>	<u>2,117,022</u>	<u>2,117,022</u>
TOTAL INVESTMENTS	<u>\$ 241,503</u>	<u>\$ -</u>	<u>\$ 2,117,022</u>	<u>\$ 2,358,525</u>

3. PLEDGES RECEIVABLE

As of September 30, 2023, contributors to CVT have made unconditional written promises to give, of which \$3,241,863 remained due and outstanding. Amounts due beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 5.46%. Following is a schedule of amounts due, by year, as of September 30, 2023:

Less than one year	\$ 2,106,493
One to five years	<u>1,135,370</u>
Total	3,241,863
Less: Allowance	(49,785)
Less: Discount on pledges	<u>(149,687)</u>
PLEDGES RECEIVABLE, NET	<u>\$ 3,042,391</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2023:

Land	\$ 96,300
Buildings	1,127,865
Equipment	875,545
Computer equipment	606,164
Vehicles	238,292
Leasehold improvements	651,105
Software	<u>188,296</u>
Total Property and equipment	3,783,567
Less: Accumulated depreciation and amortization	<u>(2,842,940)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 940,627</u>

CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

5. LINE OF CREDIT

CVT has a \$2,500,000 line of credit with a bank, which matures April 30, 2026. Variable rate interest is calculated monthly on the outstanding balance using the prime rate plus 0.5%, which was 8.5% as of September 30, 2023. The terms of the line of credit agreement require that CVT comply with certain covenants. The balance due on the line of credit totaled \$700,000 as of September 30, 2023.

6. BOARD DESIGNATED NET ASSETS

As of September 30, 2023, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

Operating Reserve	\$ <u>454,364</u>
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7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2023:

Subject to expenditure for specified purpose:	
Capacity Development	\$ 32,289
Client Services	120,365
COVID Campaign	18,039
Ethiopia	371,508
Jordan	1,216
Kenya	50,000
New Tactics in Human Rights Project	37,216
Project Mariposa	31,020
Evaluation and Research	300,000
Public Policy	37,500
Special Fundraising Campaign	145,030
Strategic Plan Campaign	591,666
Uganda	24,025
Zimbabwe Data Project	26,654
Accumulated Earnings on Endowment not yet Authorized for Spending	<u>(225,202)</u>
Subtotal subject to expenditure for specified purpose	1,561,326
Subject to passage of time	32,650
Endowment to be invested in perpetuity	<u>1,927,278</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ <u>3,521,254</u>

CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
Capacity Development	\$ 17,711
Client Services	644,256
COVID Campaign	168,237
Ethiopia	545,230
Jordan	166,180
Kenya	117,351
New Program Assessments	70,000
New Tactics in Human Rights Project	300,284
Project Mariposa	267,650
Public Policy	140,439
Southern Border	15,000
Special Fundraising Campaign	463,040
Strategic Plan Campaign	1,355,334
Uganda	238,343
Accumulated Earnings on Endowment Authorized for Spending	56,955
Timing restrictions accomplished	<u>7,105</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 4,573,115</u>

8. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 2,691,686
Investments	656,449
Accounts receivable	237,263
Pledges receivable, net	2,095,454
Grants receivable	<u>1,740,506</u>
Subtotal financial assets available within one year	7,421,358
Less: Donor restricted funds	(1,786,528)
Less: Board designated funds	<u>(454,364)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 5,180,466</u>

CVT has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, CVT has a line of credit agreement (as further discussed in Note 5) which allows for additional available borrowings up to \$2,500,000.

9. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended September 30, 2023, CVT was the beneficiary of donated services which allowed CVT to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the contributed nonfinancial assets during the year ended September 30, 2023.

CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

9. CONTRIBUTED NONFINANCIAL ASSETS (Continued)

Donated services are valued based on the providers market hourly rate, multiplied by the number of hours provided to CVT.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended September 30, 2023.

Legal Services	\$ <u>48,517</u>
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The following program has benefited from these donated services:

Management and General	\$ <u>48,517</u>
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10. LEASE COMMITMENTS

CVT leases office space under various long term and short term operating lease agreements.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements.

CVT elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. CVT also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. CVT adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, CVT recorded right-of-use assets in the amount of \$647,633 and operating lease liabilities in the amount of \$647,633 by calculating the present value using the applicable discount rate. As of September 30, 2023, the weighted-average remaining lease term and rate for the operating leases is 2.9 years and 8.5%, respectively.

The following is a schedule of the future minimum lease payments:

Year Ending September 30,

2024	\$ 199,072
2025	150,534
2026	124,452
2027	<u>56,497</u>
Subtotal	530,555
Less: Imputed interest	(64,465)
Less: Current portion	<u>(166,674)</u>
LONG-TERM PORTION	\$ <u>299,416</u>

Lease expense for the year ended September 30, 2023 was \$664,429, and is included in Occupancy expense on the accompanying Statement of Functional Expenses.

CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

11. RETIREMENT PLAN

CVT provides retirement benefits to its employees through a defined contribution plan covering substantially all full-time domestic employees. CVT will contribute 1% to 5% of each eligible employee's salary based on years of service. In addition, CVT matches one-half of the employees' contributions, not to exceed 6% of the employees' compensations. In addition, CVT offers retirement stipends to expatriates. 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. Contributions to the Plan during the year ended September 30, 2023 totaled \$524,738, and they are included in Benefits and taxes on the accompanying Statement of Functional Expenses.

12. CONTINGENCIES

CVT receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2023. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

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. The liabilities are included in Accounts payable and accrued liabilities on the accompanying Statement of Financial Position.

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.

13. ENDOWMENT

CVT's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, CVT considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

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**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

13. ENDOWMENT (Continued)

CVT has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with UPMIFA, CVT considers the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,927,278	\$ 1,927,278
Accumulated investment earnings	-	(225,202)	(225,202)
TOTAL ENDOWMENT FUNDS	\$ -	\$ 1,702,076	\$ 1,702,076

Changes in endowment net assets for the year ended September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 1,512,688	\$ 1,512,688
Investment return, net	-	236,343	236,343
Contributions	-	10,000	10,000
Appropriation of endowment assets for expenditure	-	(56,955)	(56,955)
ENDOWMENT NET ASSETS, END OF YEAR	\$ -	\$ 1,702,076	\$ 1,702,076

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. Deficiencies of this nature exist in all three donor-restricted endowment funds, which together has an original gift value of \$1,927,278, and a deficiency of \$225,202 as of September 30, 2023. This deficiency resulted from unfavorable market fluctuations that occurred during the prior fiscal year.

CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

13. ENDOWMENT (Continued)

Return Objectives and Risk Parameters -

CVT has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve principal with low investment risk.

Strategies Employed for Achieving Objectives -

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

Spending Policy and How the Investment Objectives Relate to Spending Policy -

CVT has a policy of appropriating for distribution each year income generated from its endowment fund as part of its overall investment policy. In 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.

14. ALLOCATION OF JOINT COSTS

For the year ended September 30, 2023, 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:

Fundraising	\$ 189,260
Public policy	<u>166,049</u>
TOTAL EXPENSES	<u>\$ 355,309</u>

15. SUBSEQUENT EVENTS

In preparing these financial statements, CVT has evaluated events and transactions for potential recognition or disclosure through April 26, 2024, the date the financial statements were issued.