

FINANCIAL STATEMENTS

**THE CENTER FOR VICTIMS
OF TORTURE**

**FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2023**

THE CENTER FOR VICTIMS OF TORTURE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Center for Victims of Torture
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, 2024, 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, 2024, 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 the standards applicable to financial statement 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 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 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 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

We have previously audited CVT's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2025, 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 3, 2025

THE CENTER FOR VICTIMS OF TORTURE
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

ASSETS			
		<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	1,758,276	\$ 2,691,686
Investments		856,403	656,449
Accounts receivable		103,785	237,263
Pledges receivable, net		1,187,545	2,095,454
Grants receivable		1,556,784	1,740,506
Prepaid expenses		<u>446,831</u>	<u>517,366</u>
Total current assets		<u>5,909,624</u>	<u>7,938,724</u>
PROPERTY AND EQUIPMENT, NET		<u>847,185</u>	<u>940,627</u>
NONCURRENT ASSETS			
Software implementation, net		486,600	525,615
Investments		1,952,278	1,702,076
Other asset		125,820	92,435
Right-of-use assets, net		1,174,683	453,380
Beneficial interest in lead trust		25,749	32,973
Pledges receivable, net		<u>827,587</u>	<u>946,937</u>
Total noncurrent assets		<u>4,592,717</u>	<u>3,753,416</u>
TOTAL ASSETS		<u>\$ 11,349,526</u>	<u>\$ 12,632,767</u>

THE CENTER FOR VICTIMS OF TORTURE

STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

LIABILITIES AND NET ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES		
Line of credit	\$ 1,160,870	\$ 700,000
Accounts payable and accrued liabilities	950,375	2,630,217
Deferred revenue	63,226	55,584
Refundable advances	1,742,623	2,472,678
Accrued salaries and related benefits	1,028,110	787,910
Operating lease liabilities	<u>294,489</u>	<u>166,674</u>
Total current liabilities	<u>5,239,693</u>	<u>6,813,063</u>
NONCURRENT LIABILITIES		
Operating lease liabilities, net	<u>900,059</u>	<u>299,416</u>
Total liabilities	<u>6,139,752</u>	<u>7,112,479</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	1,185,907	1,544,670
Board designated	<u>681,696</u>	<u>454,364</u>
Total net assets without donor restrictions	1,867,603	1,999,034
With donor restrictions	<u>3,342,171</u>	<u>3,521,254</u>
Total net assets	<u>5,209,774</u>	<u>5,520,288</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,349,526</u>	<u>\$ 12,632,767</u>

THE CENTER FOR VICTIMS OF TORTURE

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	<u>2024</u>			<u>2023</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
SUPPORT AND REVENUE				
Contributions	\$ 5,182,406	\$ 2,841,966	\$ 8,024,372	\$ 8,327,815
Government grants	23,701,693	-	23,701,693	21,750,928
Program service fees	1,075,780	-	1,075,780	933,990
Net investment return	16,471	497,064	513,535	246,577
Contributed nonfinancial assets	60,519	-	60,519	48,517
Other revenue	73,455	-	73,455	79,222
Change in value of split interest agreements	-	(443)	(443)	324
Net assets released from donor restrictions	<u>3,517,670</u>	<u>(3,517,670)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>33,627,994</u>	<u>(179,083)</u>	<u>33,448,911</u>	<u>31,387,373</u>
EXPENSES				
Program Services:				
Client Services	6,364,910	-	6,364,910	5,397,543
Capacity Development	7,842,645	-	7,842,645	7,600,027
Evaluation and Research	594,813	-	594,813	464,815
Public Policy	651,776	-	651,776	954,825
International Services	<u>10,267,880</u>	<u>-</u>	<u>10,267,880</u>	<u>10,330,545</u>
Total program services	<u>25,722,024</u>	<u>-</u>	<u>25,722,024</u>	<u>24,747,755</u>
Supporting Services:				
Management and General	5,757,579	-	5,757,579	5,579,574
Fundraising	<u>2,050,696</u>	<u>-</u>	<u>2,050,696</u>	<u>1,733,808</u>
Total supporting services	<u>7,808,275</u>	<u>-</u>	<u>7,808,275</u>	<u>7,313,382</u>
Total expenses	<u>33,530,299</u>	<u>-</u>	<u>33,530,299</u>	<u>32,061,137</u>
Change in net assets before other item	97,695	(179,083)	(81,388)	(673,764)
OTHER ITEM				
Loss on currency conversion	<u>(229,126)</u>	<u>-</u>	<u>(229,126)</u>	<u>(35,787)</u>
Change in net assets after other item	(131,431)	(179,083)	(310,514)	(709,551)
Net assets at beginning of year	<u>1,999,034</u>	<u>3,521,254</u>	<u>5,520,288</u>	<u>6,229,839</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,867,603</u>	<u>\$ 3,342,171</u>	<u>\$ 5,209,774</u>	<u>\$ 5,520,288</u>

See accompanying notes to financial statements.

THE CENTER FOR VICTIMS OF TORTURE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024							2023		
	Program Services				Supporting Services					
	Client Services	Capacity Development	Evaluation and Research	Public Policy	International Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 3,507,836	\$ 3,755,670	\$ 389,448	\$ 461,570	\$ 5,567,342	\$ 13,681,866	\$ 3,412,358	\$ 655,676	\$ 4,068,034	\$ 17,749,900
Benefits and taxes	851,464	945,772	86,190	92,054	1,771,998	3,747,478	695,566	176,423	871,989	4,619,467
Allowances	1,045	29,677	180	-	48,993	79,895	294	-	294	80,189
Subtotal personnel	4,360,345	4,731,119	475,818	553,624	7,388,333	17,509,239	4,108,218	832,099	4,940,317	22,449,556
Professional services	562,354	772,348	55,494	14,500	246,071	1,650,767	478,030	112,681	590,711	2,241,478
Travel	83,699	289,601	18,024	16,499	787,854	1,195,677	92,753	93,031	185,784	1,381,461
Sub-grants	601,726	1,526,342	-	-	346,828	2,474,896	-	-	-	2,474,896
Meetings and conferences	27,872	141,662	2,653	985	94,425	267,597	7,509	26,134	33,643	301,240
Client assistance	234,631	83,040	16,273	-	554,765	888,709	4,549	127	4,676	893,385
Occupancy	272,358	150,592	11,632	49,792	484,150	968,524	169,249	35,535	204,784	1,173,308
Printing and postage	11,656	9,723	101	285	2,242	24,007	27,653	785,938	813,591	837,598
Office support	205,322	98,636	14,486	16,041	348,977	683,462	521,712	125,546	647,258	1,330,720
Service fees and allowances	4,947	39,582	332	50	14,235	59,146	86,965	39,605	126,570	185,716
Depreciation and amortization	-	-	-	-	-	-	260,941	-	260,941	260,941
TOTAL	\$ 6,364,910	\$ 7,842,645	\$ 594,813	\$ 651,776	\$ 10,267,880	\$ 25,722,024	\$ 5,757,579	\$ 2,050,696	\$ 7,808,275	\$ 33,530,299
										\$ 32,061,137

See accompanying notes to financial statements.

THE CENTER FOR VICTIMS OF TORTURE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (310,514)	\$ (709,551)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	260,941	252,199
Loss on disposal of property and equipment	-	9,960
Realized and unrealized gain on investments	(510,618)	(254,835)
Change in value of split-interest agreement	443	(324)
Change in allowance for doubtful accounts	(1,514)	(25,371)
Change in discount on noncurrent receivables	(70,828)	(123,757)
Contributions restricted for endowment	(25,000)	(10,000)
Amortization of right-of-use assets	260,731	194,253
Decrease (increase) in:		
Accounts receivable	133,478	(75,749)
Pledges receivable	1,099,601	(1,535,354)
Grants receivable	183,722	200,361
Prepaid expenses	70,535	(154,633)
Other asset	(33,385)	(26,306)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(1,679,842)	632,396
Deferred revenue	7,642	-
Refundable advances	(730,055)	1,217,121
Accrued salaries and related benefits	240,200	156,195
Operating lease liabilities	<u>(253,576)</u>	<u>(181,543)</u>
Net cash used by operating activities	<u>(1,358,039)</u>	<u>(434,938)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net	60,462	65,069
Withdrawal from assets held under split-interest agreement	6,781	6,781
Purchase of software costs, property and equipment	<u>(128,484)</u>	<u>(441,744)</u>
Net cash used by investing activities	<u>(61,241)</u>	<u>(369,894)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	3,465,000	700,000
Payments on line of credit	(3,004,130)	-
Collections of contributions restricted to endowment	<u>25,000</u>	<u>10,000</u>
Net cash provided by financing activities	<u>485,870</u>	<u>710,000</u>
Net decrease in cash and cash equivalents	(933,410)	(94,832)
Cash and cash equivalents at beginning of year	<u>2,691,686</u>	<u>2,786,518</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,758,276</u>	<u>\$ 2,691,686</u>

See accompanying notes to financial statements.

THE CENTER FOR VICTIMS OF TORTURE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	<u>2024</u>	<u>2023</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	\$ <u>45,524</u>	\$ <u>20,725</u>
SCHEDULE OF NONCASH TRANSACTIONS:		
Right-of-Use Assets	\$ <u>982,034</u>	\$ <u>647,633</u>
Operating Lease Liabilities for Right-of-Use Assets	\$ <u>982,034</u>	\$ <u>647,633</u>

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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 rebuilding the lives of individual survivors of torture and trauma and building the capacity of other torture survivor rehabilitation centers and human rights defenders through training and mentoring. CVT also contributes to torture prevention and response through monitoring, evaluation, and research, as well as policy advocacy. CVT has directly touched over 51,000 lives and indirectly touched several hundred thousand additional lives during the past fiscal year.

Annually CVT provides specialized intensive services for about 5,000 individuals, supports an additional 20,000 family members, and about 15,000 more community members with other types of services such as psychoeducational workshops and community engagement programs. CVT direct services benefited clients from 63 countries in 2023-2024.

Additionally, through CVT's capacity development initiatives many additional lives are touched. In 2024 alone, CVT provided capacity development support to over 160 organizations. In CVT's largest capacity development project, Helping Survivors Heal, CVT supports organizations with services that enhance their ability to provide for an additional 10,000 torture and trauma survivors in 11 countries. An additional annual 1,500 plus community members participate in formal training provided by CVT, including human rights defenders.

In any given recent year, over 60% of clients receiving specialized intensive services are new versus continuing. Over half are survivors of torture, with the remainder typically survivors of other types of trauma resulting from armed conflict and complex humanitarian crises.

Through CVT's additional community-wide awareness raising activities, organizational development and training initiatives through partner networks, and policy advocacy work, several hundred thousand lives are touched each year.

U.S. Client Services

Responding to the lasting physical and psychological damage done by torture, CVT's US Client Services Programs (CSP) annually benefit over 1,800 torture survivors and family members. The U.S. clinical programs offer services in Minnesota in St. Paul and St. Cloud, in the greater Atlanta, Georgia area, and in Arizona.

As an example of CSP services, the two Afghan programs in Minnesota and Georgia, Raahat and Arman, work in collaboration with Afghan community partners. These initiatives served 210 clients in 2024, providing specialized intensive services. Additionally, in Arizona, through a project entitled Proyecto Mariposa, CVT provides destination case management to asylum-seeking families with complex physical and psychological health needs.

As a core component of CVT's work on torture prevention and response in the U.S. and beyond, CVT provides direct service programs that include:

- Case Management - Social Work - Referrals
- Psychotherapy and Counseling Services
- Psychoeducational Workshops and Support Groups
- Physical Health Services
- Legal and Documentation Support Services
- Community Engagement Programs

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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

Organization (continued) -

U.S. Client Services (continued)

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 counseling services in addition to case management, social work and referrals to connect survivors with resources available in the community. Physical health services include a range of offerings such as physiotherapy, and in Minnesota specialized massage therapy has been added to the care tools that we offer to our clients.

Capacity Development

CVT's Capacity Development (CD) department supports organizations and individuals to strengthen their capacity to engage in torture and trauma prevention and rehabilitation work, including advancing justice and accountability.

Through training, mentoring, coaching, consulting, and peer exchange, CD initiatives support other organizations to achieve improvements in advocacy, job performance, security, and organizational functioning (including improved service quality for torture survivors). Programs within the CD portfolio of services are diverse. Several projects are highlighted here to underscore the breadth and depth of the CD portfolio.

The National Capacity Building (NCB) project organizes technical assistance for a large U.S.-based network of 43 torture survivor centers and programs in 25 states, along with other refugee and immigrant service organizations, to strengthen the delivery of integrated, sustainable care for survivors across the United States. In 2024 NCB provided training, webinars, meetings and consultations benefiting from 16-131 organizations for each event, representing an average of 21 to 105 attendees per event.

The Helping Survivors Heal (HSH) project works with 12 torture rehabilitation organizations outside the U.S. to expand access to appropriate evidence based mental health and psychosocial services to survivors of torture. In 2024, HSH partners provided MHPSS services to an estimated 10,016 beneficiaries across 11 countries. Organizations benefiting from working with CVT/HSH range in size, providing MHPSS services to anywhere from 130 to 3,549 individuals annually. From the end of 2023 through mid-2024, HSH provided 18 formal trainings to a total of 255 attendees (non-unique). This is in addition to significant ongoing mentorship and support.

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. The Adaptive Resilience for Civil Society at Risk (ARC) project measurably and sustainably fosters the holistic security and resilience of human rights groups, using a strengths-based and adaptive approach in the face of dynamic threat environments and closing civic space. It builds safety, enhances contextualized and accessible resources, and supports peer collaboration.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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

Organization (continued) -

Capacity Development (continued)

The Survivors of Torture Initiative (SOTI) supports Syrian civil society to advance inclusive justice and heal trauma. With a network of about 100 Syrian organizations as well as institutions like The International, Impartial and Independent Mechanism (IIIM) and The Independent Institution on Missing Persons in the Syrian Arab Republic (IIMP), SOTI provides critical support to groups rebuilding Syria. It focuses on detainees, torture survivors and their families, providing resilience and rehabilitation services to victims as well as the human rights defenders who support them. Its therapeutic model for documentation of violations supports advocacy, litigation, and investigation efforts.

Evaluation and Research

Building a movement of healing and justice requires a spirit of innovation and proven effectiveness. Measuring outcomes resulting from CVT's direct service and capacity development portfolio is an integral component of the organization's approach to service delivery. CVT has integrated monitoring, evaluation and applied research into its programming for more than three decades and has continued to incorporate new and innovative approaches as programs have evolved. The global evaluation and research department include staff from diverse backgrounds, education, training and experience, including familiarity with a variety of methodological approaches to monitoring, program evaluation and applied research. CVT evaluation and research staff have experience adapting measures and data collection approaches to diverse cultural contexts and complex environments.

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 states' 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 \$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 direct services include group counseling/therapy, social services, and physiotherapy as well as other resilience-focused interventions. In Ethiopia, CVT works in refugee camps and internally displaced communities 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 Kakuma refugee camp. 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. In 2024, International Services also provided emergency mental health support for 108 released political prisoners from Nicaragua who were evacuated to Guatemala.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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

Organization (continued) -

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 424 employees, with roughly 167 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 accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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". Net assets set aside 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 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.

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, 2023, from which the summarized information was derived.

New accounting pronouncement adopted -

Accounting Standards 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. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

Financial assets held by CVT that are subject to the guidance in FASB ASC 326 are accounts receivable. CVT implemented the ASU on October 1, 2023 using a modified retrospective approach.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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

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 \$14,970 for the year ended September 30, 2024. 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 \$378,065 of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2024. 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 return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

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 credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs.

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.

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 lesser of the useful life of the asset or the remaining life term 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, 2024 totaled \$127,772.

CVT reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expensed to result from its use and eventual disposition. There were no indicators of asset impairment during the year ended September 30, 2024.

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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

Property and equipment (continued) -

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, 2024 is approximately \$229,000.

Software implementation includes capitalizable costs incurred during the implementation of CVT's cloud-based accounting system and New Tactics website update. As of September 30, 2024, total software implementation costs incurred were \$712,090. The New Tactics website is nearing completion with amortization expected to begin January 2025. Amortization expense of \$133,169 for the year ended September 30, 2024 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, 2024. 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 tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. CVT is not a private foundation.

Revenue from contracts with customers -

CVT's program service fees are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. CVT has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. CVT's contracts with customers generally have initial terms of one year or less.

Contributions and grants -

CVT receives contributions and grants including Federal awards from the U.S. Government. 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 agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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

Contributions and grants (continued) -

For contributions and grants qualifying under the contribution rules, support 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 on are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but 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. Contributions and grants with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions and grants that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions and grants contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions and grants received in advance of meeting specified conditions established by donors are recorded as refundable advances. CVT's refundable advances totaled \$1,742,623 as of September 30, 2024.

In addition, CVT has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. CVT's unrecognized conditional contributions to be received in future years totaled \$20,000,000 as of September 30, 2024.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted of contributed services and 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. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale.

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 converted into U.S. 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 U.S. 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.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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

Functional allocation of expenses -

The costs of providing CVT's programs and supporting services 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 are reported as direct expenses within that functional area and expenses that benefited more than one functional area were allocated based on actual time and effort or other reasonable basis.

Risks and uncertainties -

Investment risk -

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.

Currency risk -

CVT is exposed to currency risk through transactions in foreign currencies against the U.S. Dollar. There is also a Statement of Financial Position risk that the net monetary liabilities in foreign currencies will take a higher value when translated into U.S. Dollar as a result of currency movements.

Reclassification -

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

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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.

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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, 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds 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.
- *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, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 14,970	\$ -	\$ -	\$ 14,970
Exchange-traded funds	287,241	-	-	287,241
Assets held by community foundations	-	-	2,506,470	2,506,470
TOTAL INVESTMENTS	\$ 302,211	\$ -	\$ 2,506,470	\$ 2,808,681

Level 3 Financial Assets

The following table provides a summary of changes in fair value of CVT's financial assets for the year ended September 30, 2024:

	<u>Investments</u>
Beginning balance as of October 1, 2023	\$ 2,117,022
Net investment return	443,049
Contributions	10,000
Distributions	(63,601)
BALANCE AS OF SEPTEMBER 30, 2024	\$ 2,506,470
Included in net investment return are the following:	
Interest and dividends	\$ 32,838
Unrealized gain	510,618
Investment fees	(29,921)
TOTAL NET INVESTMENT RETURN	\$ 513,535

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

3. PLEDGES RECEIVABLE

As of September 30, 2024, contributors to CVT have made unconditional written promises to give, of which \$2,142,262 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 3.98%.

Following is a schedule of amounts due, by year, as of September 30, 2024:

Less than one year	\$ 1,207,888
One to five years	<u>934,374</u>
Total	2,142,262
Less: Allowance for doubtful accounts	(48,271)
Less: Discount on pledges	<u>(78,859)</u>
PLEDGES RECEIVABLE, NET	<u>\$ 2,015,132</u>

4. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets consisted of the following revenue stream as of:

	<u>September 30, 2024</u>	<u>October 1, 2023</u>
Program Service Fees	<u>\$ 103,785</u>	<u>\$ 237,263</u>

Contract liabilities consisted of the following revenue stream as of:

	<u>September 30, 2024</u>	<u>October 1, 2023</u>
Program Service Fees	<u>\$ 63,226</u>	<u>\$ 55,584</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2024:

Land	\$ 96,300
Buildings	1,127,865
Equipment	869,032
Computer equipment	624,293
Vehicles	222,786
Leasehold improvements	663,856
Software	<u>189,746</u>
Total Property and equipment	3,793,878
Less: Accumulated depreciation and amortization	<u>(2,946,693)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 847,185</u>

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

6. 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% as of September 30, 2024. The terms of the line of credit agreement require that CVT comply with certain covenants. In addition, the line of credit is secured by certain assets. The balance due on the line of credit totaled \$1,160,870 as of September 30, 2024.

7. BOARD DESIGNATED NET ASSETS

CVT's net assets without donor restrictions include certain amounts that have been designated by the Board of Directors.

Board designated net assets included the following as of September 30, 2024:

Operating reserve	\$ 473,435
Board designated endowment	<u>208,261</u>
BOARD DESIGNATED NET ASSETS	<u>\$ 681,696</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2024:

Subject to expenditure for specified purpose:

Capacity Development	\$ 21,906
Client Services	228,707
Ethiopia	8,679
Jordan	83,898
Kenya	25,000
New Tactics in Human Rights Project	150,000
Project Mariposa	209,871
Evaluation and Research	198,913
Ukraine	61,393
Special Fundraising Campaign	106,161
Strategic Plan Campaign	55,887
Uganda	37,904
Burma	<u>176,268</u>

Subtotal subject to expenditure for specified purpose	1,364,587
Subject to passage of time	25,306
Endowment to be invested in perpetuity	<u>1,952,278</u>

TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 3,342,171</u>
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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

8. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended September 30, 2024:

Purpose restrictions accomplished:

Capacity Development	\$ 35,384
Client Services	658,958
COVID Campaign	18,039
Ethiopia	462,829
Jordan	2,317
Kenya	150,250
New Tactics in Human Rights Project - MENA Initiative	337,266
Project Mariposa	129,149
Evaluation and Research	151,087
Public Policy	190,654
Ukraine	82,607
Special Fundraising Campaign	43,919
Strategic Plan Campaign	789,914
Uganda	162,803
Burma	23,732
Accumulated Earnings on Endowment Authorized for Spending	271,862
Timing restrictions accomplished	<u>6,900</u>

NET ASSETS RELEASED FROM DONOR RESTRICTIONS **\$ 3,517,670**

9. 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	\$ 1,758,276
Investments	856,403
Accounts receivable	103,785
Pledges receivable, net	1,187,545
Grants receivable	<u>1,556,784</u>
Subtotal financial assets available within one year	5,462,793
Less: Donor restricted funds	(1,364,587)
Less: Board designated funds	<u>(681,696)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR
GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 3,416,510**

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 6) which allows for additional available borrowings up to \$2,500,000.

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

10. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended September 30, 2024, CVT was the beneficiary of donated services which allowed CVT to provide greater resources toward various programs.

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

The contributed nonfinancial assets consisted of the following for the year ended September 30, 2024:

Legal services	\$ 45,318
Supplies	14,700
Consulting services	<u>501</u>

TOTAL CONTRIBUTED NONFINANCIAL ASSETS	\$ <u>60,519</u>
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The contributed nonfinancial assets have been recorded in support and in the following functional expense categories for the year ended September 30, 2024:

Management and General	\$ <u>60,519</u>
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11. LEASE COMMITMENTS

CVT follows FASB ASC 842 for leases. CVT has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. CVT has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Short-term Leases:

CVT leases certain assets on an as-needed basis. CVT has elected the practical expedient for these short-term leases as the lease terms are less than 12 months. Total short-term lease expense included in operating expenses for the year ended September 30, 2024, was \$388,142. Lease expense is included within Occupancy in the accompanying Statement of Functional Expenses.

Operating Leases:

CVT has 9 operating leases for office space. In addition, CVT has 6 operating leases for copiers. The leases include escalations of base rentals which are being amortized on a basis to achieve straight-line rent expense over the life of the leases.

For the year ended September 30, 2024, total lease cost was \$315,405 and total cash paid was \$306,506 for all operating leases. As of September 30, 2024, the weighted-average remaining lease term and rate for operating leases is 4.72 years and 8.11%, respectively. Lease cost is included within Occupancy in the accompanying Statement of Functional Expenses.

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**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

11. LEASE COMMITMENTS (Continued)

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

Year Ending September 30,

2025	\$ 380,229
2026	360,182
2027	215,320
2028	128,258
2029	130,388
Thereafter	<u>237,274</u>
Subtotal	1,451,651
Less: Imputed interest	(257,103)
Less: Current portion	<u>(294,489)</u>
LONG-TERM PORTION	<u>\$ 900,059</u>

12. 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. Employer contributions to the Plan during the year ended September 30, 2024 totaled \$589,137, and they are included in Benefits and taxes on the accompanying Statement of Functional Expenses.

13. 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 2024. 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.

14. ENDOWMENT

CVT's endowment funds consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (quasi-endowments). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

14. ENDOWMENT (Continued)

Interpretation of relevant law -

CVT has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the State of Minnesota as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result, of this interpretation, CVT classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

- The duration and preservation of the fund;
- The purpose of CVT 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 CVT.

Return Objectives and Risk Parameters -

CVT has adopted an investment policy for endowment assets that attempts 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 CVT must hold in perpetuity or for a donor specified period(s) as well as Board designated funds. 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.

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

14. ENDOWMENT (Continued)

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 CVT to maintain as a fund of perpetual duration. However, there were no funds with deficiencies as of September 30, 2024.

Endowment funds consisted of the following as of September 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u> <u>Available for</u> <u>Appropriation</u>	<u>Held in</u> <u>Perpetuity</u>	<u>Total</u>
Board designated funds	\$ 208,261	\$ -	\$ -	\$ 208,261
Donor restricted funds	-	-	1,952,278	1,952,278
ENDOWMENT FUNDS	\$ <u>208,261</u>	\$ <u>-</u>	\$ <u>1,952,278</u>	\$ <u>2,160,539</u>

Changes in endowment funds consisted of the following as of and for the year ended September 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u> <u>Available for</u> <u>Appropriation</u>	<u>Held in</u> <u>Perpetuity</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ (225,202)	\$ 1,927,278	\$ 1,702,076
Contributions	208,261	-	25,000	233,261
Net investment return	-	497,064	-	497,064
Appropriation of endowment assets for expenditure	-	(271,862)	-	(271,862)
ENDOWMENT FUNDS, END OF YEAR	\$ <u>208,261</u>	\$ <u>-</u>	\$ <u>1,952,278</u>	\$ <u>2,160,539</u>

15. ALLOCATION OF JOINT COSTS

For the year ended September 30, 2024, 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	\$ 177,421
Public policy	171,910
Grassroots	<u>1,375</u>
TOTAL EXPENSES	\$ <u>350,706</u>

16. SUBSEQUENT EVENTS

In preparing these financial statements, CVT has evaluated events and transactions for potential recognition or disclosure through April 3, 2025, the date the financial statements were issued.

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**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

16. SUBSEQUENT EVENTS (Continued)

On January 24, 2025, CVT received a stop-work order applicable to its United States Government funded programs. This directive was issued as a result of the Presidential Executive Order entitled "Reevaluating and Realigning United States Foreign Aid" which was issued on January 20, 2025 and mandates a 90-day pause in United States foreign development assistance for assessment of programmatic efficiencies and consistency with United States foreign policy. CVT is currently assessing the financial and operational impact of this event. Management does not anticipate any immediate effects on other programs or funding sources, however, there is inherent uncertainty regarding the long-term implications of the foreign aid freeze. These financial statements do not reflect any adjustments related to this subsequent event.