

FINANCIAL STATEMENTS

**THE CENTER FOR VICTIMS
OF TORTURE**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2024**

THE CENTER FOR VICTIMS OF TORTURE

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of September 30, 2025, with Summarized Financial Information for 2024	4 - 5
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended September 30, 2025, with Summarized Financial Information for 2024	6
EXHIBIT C - Statement of Functional Expenses, for the Year Ended September 30, 2025, with Summarized Financial Information for 2024	7
EXHIBIT D - Statement of Cash Flows, for the Year Ended September 30, 2025, with Summarized Financial Information for 2024	8 - 9
NOTES TO FINANCIAL STATEMENTS	10 - 27



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, 2025, 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, 2025, 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.

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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

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 the standards applicable to financial statement audits in 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 3, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, 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 March 26, 2026, 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.



March 26, 2026

THE CENTER FOR VICTIMS OF TORTURE
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,812,872	\$ 1,758,276
Investments	1,005,013	856,403
Accounts receivable	96,400	103,785
Pledges receivable, net	987,912	1,187,545
Grants receivable	1,609,444	1,556,784
Prepaid expenses and other assets	<u>283,935</u>	<u>446,831</u>
Total current assets	<u>6,795,576</u>	<u>5,909,624</u>
PROPERTY AND EQUIPMENT, NET	<u>657,117</u>	<u>847,185</u>
NONCURRENT ASSETS		
Software implementation, net	426,668	486,600
Investments	1,967,278	1,952,278
Other asset	-	125,820
Operating right-of-use assets, net	733,280	1,174,683
Beneficial interest in lead trust	19,642	25,749
Pledges receivable, net	<u>513,542</u>	<u>827,587</u>
Total noncurrent assets	<u>3,660,410</u>	<u>4,592,717</u>
TOTAL ASSETS	<u>\$ 11,113,103</u>	<u>\$ 11,349,526</u>

THE CENTER FOR VICTIMS OF TORTURE
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT LIABILITIES		
Line of credit	\$ -	\$ 1,160,870
Accounts payable and accrued liabilities	827,606	950,375
Deferred revenue	18,500	63,226
Refundable advances	368,773	1,742,623
Accrued salaries and related benefits	985,918	1,028,110
Operating lease liabilities	<u>198,512</u>	<u>294,489</u>
Total current liabilities	<u>2,399,309</u>	<u>5,239,693</u>
NONCURRENT LIABILITIES		
Operating lease liabilities, net	<u>551,986</u>	<u>900,059</u>
Total liabilities	<u>2,951,295</u>	<u>6,139,752</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	4,045,830	1,185,907
Board designated	<u>846,483</u>	<u>681,696</u>
Total net assets without donor restrictions	4,892,313	1,867,603
With donor restrictions	<u>3,269,495</u>	<u>3,342,171</u>
Total net assets	<u>8,161,808</u>	<u>5,209,774</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,113,103</u>	<u>\$ 11,349,526</u>

THE CENTER FOR VICTIMS OF TORTURE

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 7,801,442	\$ 2,422,608	\$ 10,224,050	\$ 8,024,372
Government grants	17,267,120	-	17,267,120	23,701,693
Program service fees	1,070,057	-	1,070,057	1,075,780
Net investment return	60,244	217,159	277,403	513,535
Contributed nonfinancial assets	78,003	-	78,003	60,519
Other revenue	88,609	-	88,609	73,455
Change in value of split interest agreements	-	674	674	(443)
Net assets released from donor restrictions	<u>2,713,117</u>	<u>(2,713,117)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>29,078,592</u>	<u>(72,676)</u>	<u>29,005,916</u>	<u>33,448,911</u>
EXPENSES				
Program Services:				
Client Services	6,151,080	-	6,151,080	6,364,910
Capacity Development	5,285,958	-	5,285,958	7,842,645
Evaluation and Research	587,617	-	587,617	594,813
Public Policy	481,501	-	481,501	651,776
International Services	<u>6,759,318</u>	<u>-</u>	<u>6,759,318</u>	<u>10,267,880</u>
Total program services	<u>19,265,474</u>	<u>-</u>	<u>19,265,474</u>	<u>25,722,024</u>
Supporting Services:				
Management and General	4,756,526	-	4,756,526	5,757,579
Fundraising	<u>1,904,778</u>	<u>-</u>	<u>1,904,778</u>	<u>2,050,696</u>
Total supporting services	<u>6,661,304</u>	<u>-</u>	<u>6,661,304</u>	<u>7,808,275</u>
Total expenses	<u>25,926,778</u>	<u>-</u>	<u>25,926,778</u>	<u>33,530,299</u>
Change in net assets before other items	<u>3,151,814</u>	<u>(72,676)</u>	<u>3,079,138</u>	<u>(81,388)</u>
OTHER ITEMS				
Loss on currency conversion	(24,265)	-	(24,265)	(229,126)
Loss on disposal of property and equipment	<u>(102,839)</u>	<u>-</u>	<u>(102,839)</u>	<u>-</u>
Total other items	<u>(127,104)</u>	<u>-</u>	<u>(127,104)</u>	<u>(229,126)</u>
Change in net assets after other items	3,024,710	(72,676)	2,952,034	(310,514)
Net assets at beginning of year	<u>1,867,603</u>	<u>3,342,171</u>	<u>5,209,774</u>	<u>5,520,288</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,892,313</u>	<u>\$ 3,269,495</u>	<u>\$ 8,161,808</u>	<u>\$ 5,209,774</u>

See accompanying notes to financial statements.

THE CENTER FOR VICTIMS OF TORTURE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	2025										2024	
	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	\$ 3,697,298	\$ 2,623,803	\$ 320,505	\$ 357,260	\$ 4,333,553	\$ 11,332,419	\$ 2,540,185	\$ 558,746	\$ 3,098,931	\$ 14,431,350	\$ 17,749,900	
Benefits and taxes	795,848	695,431	68,974	64,256	997,660	2,622,169	825,308	144,058	969,366	3,591,535	4,619,467	
Allowances	144	28,026	-	-	19,714	47,884	34	-	34	47,918	80,189	
Subtotal personnel	4,493,290	3,347,260	389,479	421,516	5,350,927	14,002,472	3,365,527	702,804	4,068,331	18,070,803	22,449,556	
Professional services	121,486	817,768	141,381	-	237,404	1,318,039	500,005	97,056	597,061	1,915,100	2,241,478	
Travel	34,266	106,314	1,015	14,840	234,480	390,915	37,992	61,649	99,641	490,556	1,381,461	
Sub-grants	687,112	725,335	-	-	247,933	1,660,380	-	-	-	1,660,380	2,474,896	
Meetings and conferences	24,599	64,926	1,007	585	25,830	116,947	4,910	48,930	53,840	170,787	301,240	
Client assistance	260,036	26,908	39,181	-	199,983	526,108	95	18,356	18,451	544,559	893,385	
Occupancy	304,978	87,269	5,137	36,930	344,502	778,816	108,342	25,498	133,840	912,656	1,173,308	
Printing and postage	11,792	1,911	26	18	1,452	15,199	21,706	817,746	839,452	854,651	837,598	
Office support	208,435	88,846	10,337	7,582	102,937	418,137	395,397	60,362	455,759	873,896	1,330,720	
Service fees and allowances	5,086	19,421	54	30	13,870	38,461	58,201	72,377	130,578	169,039	185,716	
Depreciation and amortization	-	-	-	-	-	-	264,351	-	264,351	264,351	260,941	
TOTAL	\$ 6,151,080	\$ 5,285,958	\$ 587,617	\$ 481,501	\$ 6,759,318	\$ 19,265,474	\$ 4,756,526	\$ 1,904,778	\$ 6,661,304	\$ 25,926,778	\$ 33,530,299	

See accompanying notes to financial statements.

THE CENTER FOR VICTIMS OF TORTURE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,952,034	\$ (310,514)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	264,351	260,941
Loss on disposal of property and equipment	102,839	-
Realized and unrealized gain on investments	(242,166)	(510,618)
Change in value of split-interest agreement	(674)	443
Change in allowance for doubtful accounts	(7,398)	(1,514)
Change in discount on noncurrent receivables	(41,996)	(70,828)
Contributions restricted for endowment	(15,000)	(25,000)
Amortization of operating right-of-use assets	441,403	260,731
Decrease (increase) in:		
Accounts receivable	7,385	133,478
Pledges receivable	563,072	1,099,601
Grants receivable	(52,660)	183,722
Prepaid expenses and other assets	162,896	70,535
Other asset	125,820	(33,385)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(122,769)	(1,684,290)
Deferred revenue	(44,726)	7,642
Refundable advances	(1,373,850)	(730,055)
Accrued salaries and related benefits	(42,192)	244,648
Operating lease liabilities	<u>(444,050)</u>	<u>(253,576)</u>
Net cash provided (used) by operating activities	<u>2,232,319</u>	<u>(1,358,039)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sales of investments	78,556	60,462
Withdrawal from assets held under split-interest agreement	6,781	6,781
Purchase of software costs, property and equipment	<u>(117,190)</u>	<u>(128,484)</u>
Net cash used by investing activities	<u>(31,853)</u>	<u>(61,241)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	413,092	3,465,000
Payments on line of credit	(1,573,962)	(3,004,130)
Collections of contributions restricted to endowment	<u>15,000</u>	<u>25,000</u>
Net cash (used) provided by financing activities	<u>(1,145,870)</u>	<u>485,870</u>
Net increase (decrease) in cash and cash equivalents	1,054,596	(933,410)
Cash and cash equivalents at beginning of year	<u>1,758,276</u>	<u>2,691,686</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,812,872</u>	<u>\$ 1,758,276</u>

See accompanying notes to financial statements.

THE CENTER FOR VICTIMS OF TORTURE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	<u>2025</u>	<u>2024</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	\$ <u>38,479</u>	\$ <u>45,524</u>
SCHEDULE OF NONCASH TRANSACTIONS:		
Right-of-Use Assets	\$ <u>-</u>	\$ <u>982,034</u>
Operating Lease Liabilities for Right-of-Use Assets	\$ <u>-</u>	\$ <u>982,034</u>

THE CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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.

With 580 staff globally, 2024 was a banner year for CVT, with an estimated over 50,000 individuals benefiting from CVT services globally. Then came the stop work orders (SWOs) and funding cuts from the U.S. Government in January of 2025, impacting not only CVT, but the whole aid sector.

In 2025, CVT was forced to contend with SWOs within the U.S. Government for much of the year. It was unclear which grants and contracts would be terminated and which could resume, for how long and under what conditions. CVT lost substantial programs including large initiatives funded by USAID. At the start of the new fiscal year, October 1, 2025, CVT was an organization with less than half of the budget of the previous year and several hundred fewer staff (211 compared to 580).

This impacted CVT's ability to provide services during 2025 at anything near the same level as in 2024. Despite this, the organization persevered, doing more than most thought possible despite the significant constraints. A summary comparison of 2025 and 2024 is striking.

<u>Type of Count</u>	<u>Rounded totals for 2025</u>	<u>Rounded totals for 2024</u>
Individuals receiving specialized intensive services annually	2,500	5,000
Additional family members benefiting from services annually	10,000 (Combined actual count and estimates based on family size)	20,000 (Combined actual count and estimates based on family size)
Individuals receiving additional 'lighter touch' services	6,800	15,000
Individuals served through partners we support with organizational development/capacity building	-	10,000
Individuals at organizations and others receiving specialized training from CVT	1,600	1,500
Total "Lives Touched"	<u>20,900</u>	<u>51,500</u>

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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

Organization (continued) -

In terms of individuals receiving specialized intensive services, CVT was able to serve about 48% of those served in 2024 (overall). However, for International Services (IS) this was about 30% of clients in 2025 compared to 2024. In 2025, for overall lives touched, CVT reached approximately 35% of those reached in 2024.

Notably, there were some forms of expansion, even in 2025. CVT had an increase in U.S. Clinical Services (CSP) and Kenya clients in 2025: 1,141 clients in CSP in 2025 (vs 795 in 2024), and 453 clients in Kenya in 2025 (vs 334 in 2024).

CVT also received some new funding and programs in 2025 into 2026, strengthening key U.S. Government (USG) funding channels and building connections with non-USG funders in locations such as Ethiopia and beyond. Furthermore, CVT began expansion into Mexico and Syria. The organization is involved in several new and innovative funding approaches and strategies designed to enable CVT to pivot, not only surviving the challenges of 2025, but ultimately thriving.

Client Services:

Impact and Holistic Recovery

Dedicated to healing the profound physical and psychological wounds inflicted by torture, CVT's U.S. Client Services Programs (CSP) reached a significant milestone this year, providing life-restoring care to more than 1,900 survivors of torture, their family members, and broader community members. By addressing the systemic impact of trauma, CVT's clinical initiatives continue to foster resilience across primary service hubs in St. Paul and St. Cloud, Minnesota; Atlanta, Georgia; and Arizona.

Strategic Expansion and Cross-Border Continuity

Recognizing the shifting patterns of migration and the acute needs of their clients in transit, CVT has successfully expanded their geographic footprint.

- **International Presence:** In Nogales, Mexico, we launched a sister program to CVT's Arizona-based Proyecto Mariposa. This expansion allows for a continuity of care that follows the natural movements of asylum-seeking families, ensuring they receive destination case management and psychological support on both sides of the border.
- **Specialized Initiatives:** We continued to operate our high-impact Afghan programs; Raahat (Georgia) and Arman (Minnesota). Working in lockstep with Afghan community partners, these programs provided intensive, culturally specific services to more than 300 primary and secondary survivors this year.

Innovation in Care and Survivor Governance

This year, CVT transitioned toward a more systemic approach to healing by integrating enhanced family-focused therapy services. CVT recognizes that the recovery of an individual is deeply tied to the health of the family unit.

Furthermore, CVT has reinforced their commitment to survivor-led growth by strengthening their Survivors Advisory Board (SAB). In a direct effort to ensure programming remains responsive and ethical, CVT has successfully integrated the Board's 2024 recommendations into standard operating procedures, placing survivor voices at the center of clinical evolution.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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

Organization (continued) -

Client Services (continued):

Core Pillars of Service

While CVT's programs are tailored to the unique cultural and geographic needs of each site, they are unified by a core multidisciplinary intervention model:

- Clinical Care: Psychotherapy, counseling, and specialized psychoeducational workshops.
- Comprehensive Case Management: Social work, resource navigation, and community referrals.
- Physical Health & Wellness: Direct physiotherapy and medical support. In our Minnesota sites, we have further expanded our "care tools" to include specialized massage therapy.
- Integration Support: Legal and documentation assistance combined with robust community engagement programs, in partnership with our legal and community partners.

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. 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.

Due to stop work orders and subsequent award termination, CVT's direct services operations in the Gambella region of Ethiopia, parts of northern Ethiopia, Jordan, and for released Nicaraguan political prisoners, as well as a sub-award providing technical assistance to another organization in southwest Uganda, all ended in spring 2025.

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).

The National Capacity Building (NCB) project organizes technical assistance for a large U.S.-based network of 49 torture survivor centers and programs in 26 states, along with other refugee and immigrant service organizations, to strengthen the delivery of integrated, sustainable care for survivors across the United States. In 2025, NCB provided training, webinars, meetings and consultations benefiting at least 104 organizations, representing 602 non-unique individuals.

The Helping Survivors Heal (HSH) project worked 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. Unfortunately, the HSH Project and these partnerships were halted by the stop work orders from the U.S. Government in January 2025.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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 global human rights community 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. CVT's Myanmar Initiative engages with civil society in refuge and exile as they provide psychosocial support to their communities.

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. In FY25, the project adapted to shifting circumstances in Syria and throughout the region; however, lengthy project suspension and uncertainty impeded CVT's implementation.

Relatedly, "Systems of Support for Victims and Witnesses of Atrocity Crimes Participating in Accountability Processes" aims to strengthen justice for Syrians. It does this by supporting civil society organizations, coordinating services for victims and witnesses, and engaging with accountability mechanisms to create awareness of participation barriers. A cornerstone of this project is the co-design of a collaborative system for coordinating and funding support across a wide range of needs and services. This project was suspended before the co-design process could take place, and subgrants could not be issued due to the uncertainty of ongoing project reviews.

CVT's efforts to register and initiate operations inside Syria were supported by private funding.

In Iraq, CVT's "Justice with the Shabak" project aims to advance justice and accountability by strengthening reparations engagement for Shabak survivors of atrocity crimes who have historically experienced abandonment, exclusion, and marginalization and who face barriers to their participation in legal redress, notably claiming their rights under the Yazidi Survivor Law (YSL). Activities are focused on understanding and addressing these barriers; provision of resilience services to support engagement; and supporting survivors to claim benefits under reparations law. The project aims to partner with community-based organizations in implementing activities and provides technical assistance to accomplish joint efforts. The project was suspended after the first quarter, which largely focused on hiring of staff and other foundational activities. Following a lift of suspension, uncertainty about the project's future impeded its implementation, in particular subgrants and services.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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

Organization (continued) -

Capacity Development (continued):

CVT is also a subgrantee on another Iraq-based project that aims to empower the "Coalition for Just Reparations" to advance effective implementation of the Yazidi Survivor Law and criminal justice efforts. The Jiyan Foundation, which leads this project, works with CVT to support victims' associations, promote trauma-informed approaches to documentation, and support the Coalition in strategic advocacy efforts. This project was also suspended for a period in FY25.

Finally, CVT participated as a Consortium Member in the "Transitional Justice ~ Rapid Response" project, led by the Center for Justice and Accountability. In FY25Q1, CVT engaged in discussions with the Consortium and donor on the project's strategic direction; however, the project was suspended in early Q2 and terminated in Q4 due to donor restructuring.

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 includes 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.

By the end of 2025, following stop work orders and funding cuts in early 2025, the evaluation and research department consisted of 10 global staff (and additional in-country M&E staff), down from 17 at the end of 2024.

Public Policy:

CVT's global policy and advocacy centers on ensuring safety, inclusion, and justice for those who have survived torture, cruel treatment, or other conflict-related trauma. The work often cross-cuts these areas, reflecting the complexity of survivors' needs and their interconnected, fundamental human rights.

Safety: Advancing lawful, fair, and trauma-informed systems that provide safe haven for survivors, and that empower public and private stakeholders to engage survivors in ways that can enhance, rather than jeopardize, their sense of safety.

Inclusion: Expanding, improving, and ensuring equitable access to programs, policies, and practices that enable survivors to heal and thrive, and building resources for torture rehabilitation globally.

Justice: Pursuing strategies to combat impunity for perpetrators of torture and related gross human rights violations, to fulfill survivors' right to redress and rehabilitation for the crimes they endured, and to prevent those crimes from recurring.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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

Organization (continued) -

Management, Administration and 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. CVT had 516 employees, with 159 based in the U.S. in October 2024 and the remainder at international sites. CVT had 210 employees, with 115 based in the U.S. in September 2025 and the remainder at international sites. The employee reductions from October to September were due to the January 2025 U.S. Federal grant funding reductions. 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 non-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". 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, 2024, from which the summarized information was derived.

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 \$38,396 for the year ended September 30, 2025. 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.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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

Cash and cash equivalents (continued) -

CVT had approximately \$189,825 of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2025. 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 net 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.

Investments acquired by gift, such as donated securities, 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 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. The allowance for credit losses has been deemed immaterial and has not been recorded within the financial statements.

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, 2025 totaled \$110,838.

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, 2025.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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 the U.S. State Department Bureau of Population, Refugees, and Migration (the Bureau) contracts. Upon termination of those agreements, which occurred during the year ended September 30, 2025, the property shall be transferred back to the Bureau. However, the Bureau approved that CVT retain title, dispose of the equipment, reallocated some equipment to other projects or other projects, or sell equipment to local entities. The net value of the remaining property and equipment purchased under these contracts on September 30, 2025 is approximately \$108,434.

Software implementation includes capitalizable costs incurred during the implementation of CVT's cloud-based accounting system, New Tactics website update, and payroll and human resources information systems (HRIS). These projects were completed during 2025. As of September 30, 2025, total software implementation costs were \$805,671. Amortization expense of \$153,513 for the year ended September 30, 2025 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 3.61% at September 30, 2025. 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 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.

THE CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

**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.

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 \$368,773 as of September 30, 2025.

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 approximately \$12,049,000 as of September 30, 2025.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted of contributed 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.

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, 2025

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.

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.

THE CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025. 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, 2025:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 38,396	\$ -	\$ -	\$ 38,396
Exchange-traded funds	310,818	-	-	310,818
Assets held by community foundations	-	-	2,623,077	2,623,077
TOTAL INVESTMENTS	\$ 349,214	\$ -	\$ 2,623,077	\$ 2,972,291

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, 2025:

	Investments
Beginning balance as of September 30, 2024	\$ 2,506,470
Net investment return	185,155
Distributions	(68,548)
BALANCE AS OF SEPTEMBER 30, 2025	\$ 2,623,077

Included in net investment return are the following:

Interest and dividends	\$ 67,532
Realized and unrealized gain	242,166
Investment fees	(32,295)
TOTAL NET INVESTMENT RETURN	\$ 277,403

THE CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

3. PLEDGES RECEIVABLE

As of September 30, 2025, contributors to CVT have made unconditional written promises to give, of which \$1,579,190 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, 2025:

Less than one year	\$ 1,006,842
One to five years	<u>572,348</u>
 Total	 1,579,190
Less: Allowance for doubtful accounts	(40,873)
Less: Discount on noncurrent pledges	<u>(36,863)</u>
 PLEDGES RECEIVABLE, NET	 <u>\$ 1,501,454</u>

4. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets consisted of the following revenue stream as of:

	September 30, 2025	October 1, 2024
Program Service Fees	<u>\$ 96,400</u>	<u>\$ 103,785</u>

Contract liabilities consisted of the following revenue stream as of:

	September 30, 2025	October 1, 2024
Program Service Fees	<u>\$ 18,500</u>	<u>\$ 63,226</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2025:

Land	\$ 96,300
Buildings	1,133,759
Equipment	650,143
Computer equipment	639,570
Vehicles	222,786
Leasehold improvements	667,743
Software	<u>188,296</u>
 Total Property and equipment	 3,598,597
Less: Accumulated depreciation and amortization	<u>(2,941,480)</u>
 PROPERTY AND EQUIPMENT, NET	 <u>\$ 657,117</u>

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

6. LINE OF CREDIT

CVT has a \$1,000,000 line of credit with a bank, which matures April 30, 2029. Variable rate interest is calculated monthly on the outstanding balance using the prime rate plus 0.5%, which was 8.25% as of September 30, 2025. 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. As of September 30, 2025, CVT did not have any balance due on the line of credit.

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, 2025:

Operating reserve	\$ 489,611
Board designated endowment	<u>356,872</u>
BOARD DESIGNATED NET ASSETS	<u>\$ 846,483</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2025:

Subject to expenditure for specified purpose:	
Syria (SOTI)	\$ 348,386
Client Services	134,647
Ethiopia	34,908
Kenya	45,000
New Tactics in Human Rights Project	50,000
Project Mariposa	218,819
Evaluation and Research	112,456
Public Policy	150,000
Ukraine	30,912
Gaza Working Group	9,820
Global Statelessness	61,379
Uganda	34,325
Burma	<u>51,248</u>
Subtotal subject to expenditure for specified purpose	1,281,900
Subject to passage of time	20,317
Endowment to be invested in perpetuity	<u>1,967,278</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 3,269,495</u>

THE CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025:

Purpose restrictions accomplished:	
Syria (SOTI)	\$ 23,519
Client Services	657,460
Gaza Working Group	180
Ethiopia	58,771
Jordan	173,898
Kenya	224,943
Global Statelessness	234
New Tactics in Human Rights Project - MENA Initiative	300,000
Project Mariposa	359,552
Evaluation and Research	136,457
Public Policy	115,000
Ukraine	30,481
Special Fundraising Campaign	106,161
Strategic Plan Campaign	55,887
Uganda	122,731
Burma	125,020
Accumulated Earnings on Endowment Authorized for Spending	217,159
Timing restrictions accomplished	<u>5,664</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 2,713,117</u>

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	\$ 2,812,872
Investments	1,005,013
Accounts receivable	96,400
Pledges receivable, net	987,912
Grants receivable	<u>1,609,444</u>
Subtotal financial assets available within one year	6,511,641
Less: Donor-purpose restricted funds	(1,281,900)
Less: Board designated funds	<u>(846,483)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 4,383,258</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 6) which allows for additional available borrowings up to \$1,000,000. In addition, CVT has Board designated net assets without donor restrictions that were established by the Board of Directors that may be drawn upon in the event of financial distress or an immediate liquidity need.

THE CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

10. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended September 30, 2025, 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.

The contributed nonfinancial assets consisted of the following for the year ended September 30, 2025:

Legal Services	\$ <u>78,003</u>
-----------------------	-------------------------

The contributed nonfinancial assets have been recorded in support and in the following functional expense categories for the year ended September 30, 2025:

Management and General	\$ <u>78,003</u>
-------------------------------	-------------------------

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, 2025, was \$229,175. Lease expense is included within Occupancy in the accompanying Statement of Functional Expenses.

Operating Leases:

CVT has eight operating leases for office space. In addition, CVT has six 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, 2025, total lease cost was \$289,360 and total cash paid was \$287,044 for all operating leases. As of September 30, 2025, the weighted-average remaining lease term and rate for operating leases is 5.80 years and 8.01%, respectively. Lease cost is included within Occupancy in the accompanying Statement of Functional Expenses.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

11. LEASE COMMITMENTS (Continued)

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

Year Ending September 30,

2026	\$	250,719
2027		158,823
2028		128,258
2029		130,388
2030		134,300
Thereafter		<u>102,974</u>
Subtotal		905,462
Less: Imputed interest		(154,964)
Less: Current portion		<u>(198,512)</u>
LONG-TERM PORTION	\$	<u>551,986</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, 2025 totaled \$419,895, 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 2025. 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.

THE CENTER FOR VICTIMS OF TORTURE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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.

THE CENTER FOR VICTIMS OF TORTURE

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025.

Endowment funds consisted of the following as of September 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Available for Appropriation</u>	<u>Held in Perpetuity</u>	
Board designated funds	\$ 356,872	\$ -	\$ -	\$ 356,872
Donor-restricted funds	<u>-</u>	<u>-</u>	<u>1,967,278</u>	<u>1,967,278</u>
ENDOWMENT FUNDS	<u>\$ 356,872</u>	<u>\$ -</u>	<u>\$ 1,967,278</u>	<u>\$ 2,324,150</u>

Changes in endowment funds consisted of the following as of and for the year ended September 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Available for Appropriation</u>	<u>Held in Perpetuity</u>	
Endowment net assets, beginning of year	\$ 208,261	\$ -	\$ 1,952,278	\$ 2,160,539
Contributions	148,611	-	15,000	163,611
Net investment return	-	217,159	-	217,159
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(217,159)</u>	<u>-</u>	<u>(217,159)</u>
ENDOWMENT FUNDS, END OF YEAR	<u>\$ 356,872</u>	<u>\$ -</u>	<u>\$ 1,967,278</u>	<u>\$ 2,324,150</u>

15. ALLOCATION OF JOINT COSTS

For the year ended September 30, 2025, 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	\$ 231,135
Public policy	<u>180,829</u>
TOTAL EXPENSES	<u>\$ 411,964</u>

16. SUBSEQUENT EVENTS

In preparing these financial statements, CVT has evaluated events and transactions for potential recognition or disclosure through March 26, 2026, the date the financial statements were issued.