

**PROGRAM FOR TORTURE VICTIMS**

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**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

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**INDEPENDENT AUDITORS' REPORT**

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To the Board of Directors  
Program for Torture Victims

**Report on the Financial Statements**

We have audited the accompanying financial statements of Program for Torture Victims, which comprise the Statement of Financial Position as of September 30, 2016, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Program for Torture Victims as of September 30, 2016, and the changes 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.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matter

#### *Summarized Comparative Information*

We have previously audited Program for Torture Victims' 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Harrington Group*

Pasadena, California

February 3, 2017

# PROGRAM FOR TORTURE VICTIMS

## STATEMENT OF FINANCIAL POSITION

September 30, 2016

With comparative totals at September 30, 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 216,673	\$ 198,928
Accounts receivable	142,319	2,203
Pledges receivable (Note 2)	8,725	12,200
Prepaid expenses	13,952	10,221
Property and equipment (Note 3)	<u>2,400</u>	<u>4,931</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 384,069</u></u>	<u><u>\$ 228,483</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 13,438	\$ 6,898
Deferred revenue (Note 2)	47,279	-
Accrued payroll and vacation	38,714	34,450
Capital lease obligation	<u>-</u>	<u>1,851</u>
<b>TOTAL LIABILITIES</b>	<u>99,431</u>	<u>43,199</u>
<b>NET ASSETS</b>		
Unrestricted	157,995	177,384
Temporarily restricted (Note 5)	<u>126,643</u>	<u>7,900</u>
<b>TOTAL NET ASSETS</b>	<u>284,638</u>	<u>185,284</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 384,069</u></u>	<u><u>\$ 228,483</u></u>

The accompanying notes are an integral part of these financial statements.

## PROGRAM FOR TORTURE VICTIMS

### STATEMENT OF ACTIVITIES

For the year ended September 30, 2016

With comparative totals for the year ended September 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>2015</u>
<b>REVENUE AND SUPPORT</b>				
Government grant	\$ 465,144	\$ -	\$ 465,144	\$ 436,032
Other grants	29,904	240,439	270,343	123,400
In-kind contributions (Note 2)	208,443		208,443	163,158
Special events, net of expenses \$43,108	39,775		39,775	63,092
Contributions	34,821	1,250	36,071	24,037
Other income	8,154		8,154	4,211
Net assets released from program restrictions	122,946	(122,946)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>909,187</u>	<u>118,743</u>	<u>1,027,930</u>	<u>813,930</u>
<b>EXPENSES</b>				
Program services	745,474		745,474	656,298
General and administrative	83,755		83,755	83,406
Fundraising	99,347		99,347	97,041
<b>TOTAL EXPENSES</b>	<u>928,576</u>	<u>-</u>	<u>928,576</u>	<u>836,745</u>
<b>CHANGE IN NET ASSETS</b>	(19,389)	118,743	99,354	(22,815)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>177,384</u>	<u>7,900</u>	<u>185,284</u>	<u>208,099</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 157,995</u>	<u>\$ 126,643</u>	<u>\$ 284,638</u>	<u>\$ 185,284</u>

The accompanying notes are an integral part of these financial statements.

## PROGRAM FOR TORTURE VICTIMS

### STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2016

With comparative totals for the year ended September 30, 2015

	Program Services	General and Administrative	Fundraising	Total Expenses	
				2016	2015
Personnel expenses	\$ 584,967	\$ 68,861	\$ 70,085	\$ 723,913	\$ 676,500
Occupancy	40,518	5,167	5,983	51,668	47,108
Client emergency fund	35,992			35,992	3,574
Contracted services	33,158			33,158	38,226
Professional fees	18,954	3,337	3,396	25,687	26,350
Other marketing			14,780	14,780	3,375
Printing	4,504	793	807	6,104	7,426
Telephone	4,259	750	763	5,772	5,888
Office expense	3,989	509	589	5,087	4,232
Insurance expense	3,845	490	568	4,903	4,551
Payroll services	2,367	417	424	3,208	3,074
Travel and meetings	2,247	396	403	3,046	3,162
Depreciation expense	1,867	329	335	2,531	3,134
Postage	1,752	308	314	2,374	2,905
Repairs and maintenance	1,620	285	290	2,195	1,060
Network and outreach	1,513	266	271	2,050	976
Client groups/workshops	2,028			2,028	1,014
Miscellaneous	1,265	223	227	1,715	1,132
Bank and credit card charges		1,488		1,488	1,430
Dues and subscriptions	470	83	84	637	790
Interest expense	159	28	28	215	410
Hiring and training		25		25	428
<b>TOTAL 2016 FUNCTIONAL EXPENSES</b>	<b>\$ 745,474</b>	<b>\$ 83,755</b>	<b>\$ 99,347</b>	<b>\$ 928,576</b>	
<b>TOTAL 2015 FUNCTIONAL EXPENSES</b>	<b>\$ 656,298</b>	<b>\$ 83,406</b>	<b>\$ 97,041</b>		<b>\$ 836,745</b>

The accompanying notes are an integral part of these financial statements.

## PROGRAM FOR TORTURE VICTIMS

### STATEMENT OF CASH FLOWS

For the year ended September 30, 2016

With comparative totals for the year ended September 30, 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 99,354	\$ (22,815)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,531	3,134
(Increase) decrease in operating assets:		
Accounts receivable	(140,116)	97,797
Pledges receivable	3,475	12,206
Prepaid expenses	(3,731)	(5,844)
Increase (decrease) in operating liabilities:		
Accounts payable	6,540	2,628
Deferred revenue	47,279	-
Accrued payroll and vacation	4,264	(516)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>19,596</b>	<b>86,590</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on capital lease obligation	(1,851)	(1,709)
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>	<b>(1,851)</b>	<b>(1,709)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>17,745</b>	<b>84,881</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>198,928</b>	<b>114,047</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 216,673</b>	<b>\$ 198,928</b>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Operating activities reflect interest paid of:	<b>\$ 215</b>	<b>\$ 410</b>

The accompanying notes are an integral part of these financial statements.



# PROGRAM FOR TORTURE VICTIMS

## NOTES TO FINANCIAL STATEMENTS

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### 1. Organization

Program for Torture Victims is a California nonprofit organization located in Los Angeles whose mission is to alleviate the suffering and health consequences of torture through psychological, medical, and social services to victims of state-sponsored violence.

For 36 years, the Program for Torture Victims has helped new United States refugees, from over 70 countries, heal their physical and psychological wounds, and start a second life here in California.

The first torture rehabilitation center in the United States, PTV:

- Helps survivors heal and transition from pain to purpose
- Assists with basic needs such as transportation, food, clothing, housing, and language classes
- Helps integrate new immigrants into American culture
- Works to reunite and re-acclimate families so that survivors can once again become parents to their children and spouses to their wives or husbands
- Helps clients navigate the complex and bureaucratic United States' asylum process
- Documents the widespread practice of torture and persecution through reports to the United Nations, the United States and international human rights organizations
- Helps to hold individuals and governments accountable for torture or persecution by providing expert medical and psychological testimony in United States and international courts.

### 2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **Accounting**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of Program for Torture Victims are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

# PROGRAM FOR TORTURE VICTIMS

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

**Temporarily Restricted.** Program for Torture Victims reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities, as net assets released from program or capital restrictions. Program for Torture Victims has \$126,643 in temporarily restricted net assets at September 30, 2016.

**Permanently Restricted.** These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit Program for Torture Victims to expend all of the income (or other economic benefits) derived from the donated assets. Program for Torture Victims has no permanently restricted net assets at September 30, 2016.

#### Cash and Cash Equivalents

Program for Torture Victims defined cash and cash equivalents as cash in banks and money market accounts at securities institutions.

#### Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. The pledges of \$8,725 recorded in these financial statements are expected to be collected within one year and are deemed fully collectible. Therefore, no discount or allowance for doubtful receivables has been recorded.

#### Deferred Revenue

Deferred revenue results from Program for Torture Victims recognizing event revenue in the period in which the event occurs. Accordingly, event revenue received during the fiscal year for events to be held next fiscal year is deferred until the event is held. Deferred revenue as of September 30, 2016 is \$47,279.

#### Concentration of Credit Risks

Program for Torture Victims maintains cash and cash equivalents at high-credit quality financial institutions. At times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limit. Program for Torture Victims has not incurred losses related to these deposits.

Approximately 54% of Program for Torture Victims' total revenue is derived from government grants.

# PROGRAM FOR TORTURE VICTIMS

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### **Property and Equipment**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

#### **Donated Materials, Facility, and Services**

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended September 30, 2016, Program for Torture Victims received \$208,443 in donated materials, facilities, and services.

#### **Income Taxes**

Program for Torture Victims is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Program for Torture Victims in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Program for Torture Victims' returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

#### **Functional Allocation of Expenses**

Costs of providing the Program for Torture Victims' programs and other activities have been presented in the Statement of Functional Expenses. Certain indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Program for Torture Victims uses relative square footage and labor time estimates to allocate indirect costs.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

# PROGRAM FOR TORTURE VICTIMS

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### Reclassification

For comparability, certain September 30, 2015 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at September 30, 2016.

#### Subsequent Events

Management has evaluated subsequent events through February 3, 2017, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure.

### 3. Property and Equipment

Property and equipment at September 30, 2016 consist of the following:

Office equipment	\$ 43,007
Office furniture	11,553
Audio visual equipment	<u>5,582</u>
	60,142
Less: accumulated depreciation	<u>(57,742)</u>
	<u>\$ 2,400</u>

Depreciation expense for the year ended September 30, 2016 was \$2,531.

### 4. Commitments and Contingencies

#### Obligations Under Operating Leases

Program for Torture Victims entered into a five year lease agreement that commenced in February 2015, occupying 2,423 square feet of new office space. Future minimum payments, by year and in the aggregate, under this lease consist of the following:

<u>Year ended September 30,</u>	
2017	\$ 44,583
2018	45,068
2019	45,068
2020	<u>15,023</u>
	<u>\$149,742</u>

Rent expense under operating lease for the year ended September 30, 2016 was \$43,614.

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## PROGRAM FOR TORTURE VICTIMS

### NOTES TO FINANCIAL STATEMENTS

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#### 5. Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2016 consists of the following:

California Community Foundation	\$ 50,000
Medical services	49,225
Client assistance (Change a Life Foundation)	21,553
Client assistance fund	<u>5,865</u>
	<u>\$126,643</u>

For the year ended September 30, 2016, net assets released from program restrictions were \$122,946.

#### 6. Employee Benefit Plan

Program for Torture Victims has a 403(b) Retirement Savings Plan available to all employees. Employees may contribute any whole percentage of annual compensation provided that it does not exceed maximum amounts as permitted by law. Program for Torture Victims does not make matching contributions to the Plan.

#### 7. United Nations Grant Expenses Compliance

In March 2016, Program for Torture Victims was awarded a \$20,000 grant from the United Nations. The grant was to be used for the assistance of torture victims for the period January through December 2016. The grant was fully spent as of September 30, 2016. The grant from the United Nations was used in accordance with its purpose, budget and conditions during the year ended September 30, 2016.