

PROGRAM FOR TORTURE VICTIMS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

CONTENTS

Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10



Certified Public Accountants, LLP

INDEPENDENT AUDITORS' REPORT

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, 2013, 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 auditors consider 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, 2013, 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.

Harrington Group

Pasadena, California
December 17, 2013

PASADENA
234 E Colorado Blvd
Suite M150
Pasadena, CA 91101
Tel: 626.403.6801
Fax: 626.403.6866

A Trusted Nonprofit Partner
Experience. Service. Respect.
www.npocpas.com

SAN FRANCISCO
50 Francisco St
Suite 160
San Francisco, CA 94133
Tel: 415.391.3131
Fax: 415.391.3233

PROGRAM FOR TORTURE VICTIMS

STATEMENT OF FINANCIAL POSITION

September 30, 2013

Assets	
Cash and cash equivalents (Note 2)	\$ 145,822
Accounts receivable	100,020
Pledges receivable (Note 2)	14,754
Prepaid expenses	4,344
Property and equipment (Note 3)	<u>8,031</u>
Total assets	<u><u>\$ 272,971</u></u>
Liabilities and net assets	
Liabilities	
Accounts payable	\$ 8,701
Accrued vacation	16,217
Capital lease obligation (Note 5)	<u>5,140</u>
Total liabilities	<u>30,058</u>
Net assets	
Unrestricted	114,691
Temporarily restricted (Note 6)	<u>128,222</u>
Total net assets	<u>242,913</u>
Total liabilities and net assets	<u><u>\$ 272,971</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, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support			
Government grants	\$ 491,000	\$ -	\$ 491,000
Other grants	628	215,000	215,628
In-kind contributions (Note 2)	113,577		113,577
Special events, net of expenses \$59,737	53,739		53,739
Contributions	26,858	4,087	30,945
Other income	2,013		2,013
Net assets released from program restrictions	150,865	(150,865)	-
Total revenue and support	<u>838,680</u>	<u>68,222</u>	<u>906,902</u>
Expenses			
Program services	684,768		684,768
General and administrative	81,496		81,496
Fundraising	106,962		106,962
Total expenses	<u>873,226</u>	<u>-</u>	<u>873,226</u>
Change in net assets	(34,546)	68,222	33,676
Net assets, beginning of year	<u>149,237</u>	<u>60,000</u>	<u>209,237</u>
Net assets, end of year	<u>\$ 114,691</u>	<u>\$ 128,222</u>	<u>\$ 242,913</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, 2013

	Program Services	General and Administrative	Fundraising	Total Expenses
Personnel expenses	\$ 544,827	\$ 70,963	\$ 93,571	\$ 709,361
Contracted services	47,268			47,268
Occupancy	38,053	1,264	3,791	43,108
Professional fees	19,174	3,105	3,880	26,159
Office expense	6,359	211	634	7,204
Telephone	5,175	838	1,047	7,060
Printing	4,063	658	822	5,543
Insurance expense	3,658	121	364	4,143
Client emergency fund	3,643			3,643
Travel and meetings	2,426	393	491	3,310
Depreciation expense	2,368	384	479	3,231
Payroll services	2,037	330	412	2,779
Network and outreach	1,741	282	352	2,375
Repairs and maintenance	1,111	180	225	1,516
Bank and credit card charges		1,409		1,409
Miscellaneous	822	133	167	1,122
Hiring and training		958		958
Postage	586	95	119	800
Dues and subscriptions	546	88	110	744
Interest expense	520	84	105	709
Other marketing			393	393
Healing club	391			391
Total functional expenses	\$ 684,768	\$ 81,496	\$ 106,962	\$ 873,226

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, 2013

	<u>Total</u>
Cash flows from operating activities:	
Change in net assets	\$ 33,676
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,231
Changes in operating assets and liabilities:	
(Increase) in accounts receivable	(30,680)
(Increase) in pledges receivable	(14,754)
Decrease in prepaid expenses	1,459
Increase in accounts payable	5,288
Increase in accrued liabilities	3,208
	<u>1,428</u>
Net cash provided by operating activities	<u>1,428</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(921)</u>
	<u>(921)</u>
Net cash (used) by investing activities	<u>(921)</u>
Cash flows from financing activities:	
Principal payments on capital lease obligation	<u>(1,459)</u>
	<u>(1,459)</u>
Net cash (used) by financing activities	<u>(1,459)</u>
Net (decrease) in cash and cash equivalents	(952)
Cash and cash equivalents, beginning of year	<u>146,774</u>
Cash and cash equivalents, end of year	<u>\$ 145,822</u>

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

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

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 33 years, the Program for Torture Victims has helped these survivors heal the physical and psychological wounds of torture and start a second life in the United States. Program for Torture Victims is the first torture treatment center in the United States. Program for Torture Victims offers the following support services:

- Helping survivors heal the wounds of torture and move pain to resilience.
- Assists with basic needs such as transportation, food, clothing, housing and language classes.
- Helps integrate immigrants in to the United States and into a new culture.
- Works to reunite and re-acclimate families so that torture survivors can once again become parents to their children.
- Helps clients navigate the complex and bureaucratic U.S. asylum process in which their experiences can seem to be diminished or discounted.
- Document the widespread practice of torture through reports to the United Nations and other international advocacy organizations.
- Helps hold individuals and governments accountable for torture by providing expert medical and psychological testimony in U.S. 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

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 \$128,222 in temporarily restricted net assets at September 30, 2013.

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, 2013.

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 \$14,754 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.

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.

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.

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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, 2013, Program for Torture Victims received \$113,577 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.

Subsequent Events

Management has evaluated subsequent events through December 17, 2013, the date which the financial statements were available.

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

3. Property and Equipment

Property and equipment at September 30, 2013 consist of the following:

Office equipment	\$ 40,075
Office furniture	11,553
Audio visual equipment	<u>5,582</u>
	57,210
Less: accumulated depreciation	<u>(49,179)</u>
	<u>\$ 8,031</u>

Depreciation expense for the year ended September 30, 2013 was \$3,231.

4. Commitments and Contingencies

Obligations Under Operating Leases

As of September 30, 2013, Program for Torture Victims leased office space on a month-to-month basis, which required monthly payments totaling \$3,567. The term of the lease expired in September 2012. As such, Program for Torture Victims is not subject to future obligations extending beyond one year. During the year ended September 30, 2013, rent expense totaled \$42,808.

5. Capital Lease Obligation

Program for Torture Victims acquired a copier under a capital lease obligation during the fiscal year ended September 30, 2011. The quarterly payments commenced in July 2011 are to end in July 2016. The asset and liability under the capital lease were recorded at the lower of the present value of the lease terms or its estimated useful lives. Amortization of the copier under capital lease is included in depreciation expense in the accompanying financial statements. Depreciation of the copier under the capital lease charged to expense during the year ended September 30, 2013 was \$1,687.

Future minimum payments under the lease are as follows:

<u>Year Ended September 30,</u>	
2014	\$ 1,944
2015	1,944
2016	<u>1,944</u>
Total future minimum lease payments	5,832
Less: amount representing interest	<u>(692)</u>
Present value of net minimum lease payments	<u>\$ 5,140</u>

continued

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

5. Capital Lease Obligation, continued

The cost of the copier under the capital lease at September 30, 2013, consists of the following:

Equipment	\$ 8,433
Less: accumulated depreciation	<u>(3,795)</u>
Net book value	<u>\$ 4,638</u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2013 consist of the following:

California Wellness Foundation	\$124,134
Fuserna Foundation	3,063
Interpreter Fund	756
Durga Project	<u>269</u>
	<u>\$128,222</u>

For the year ended September 30, 2013, net assets released from program restrictions were \$150,865.

7. 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.

8. United Nations Grant Expenses Compliance

In March 2013, Program for Torture Victims was awarded a \$41,000 grant from the United Nations. The grant was to be used for the assistance of torture victims for the period January through December 2013 and was fully spent as of September 30, 2013. The grant from the United Nations was used in accordance with its purpose, budget and conditions during the year ended September 30, 2013.