



PROGRAM FOR TORTURE VICTIMS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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CONTENTS

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12

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, 2019, 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 audits. 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 of 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, 2019, 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

Other Matter

Report on Summarized Comparative Information

We have previously audited Program for Torture Victims' 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Pasadena, California

September 25, 2020

PROGRAM FOR TORTURE VICTIMS

STATEMENT OF FINANCIAL POSITION

September 30, 2019

With comparative totals at September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents (Note 2)	\$ 661,275	\$ 480,393
Accounts and grants receivable	34,186	74,822
Prepaid expenses	12,411	10,849
Property and equipment (Note 4)	77	600
TOTAL ASSETS	<u>\$ 707,949</u>	<u>\$ 566,664</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 13,073	\$ 27,343
Accrued payroll and vacation	70,107	55,962
Unearned contract revenue (Note 2)	55,479	45,128
TOTAL LIABILITIES	<u>138,659</u>	<u>128,433</u>
NET ASSETS		
Without donor restrictions	445,016	391,983
With donor restrictions (Note 6)	124,274	46,248
TOTAL NET ASSETS	<u>569,290</u>	<u>438,231</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 707,949</u>	<u>\$ 566,664</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, 2019

With comparative totals for the year ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
REVENUE AND SUPPORT				
Government grants	\$ 886,596	\$ -	\$ 886,596	\$ 610,349
Other grants	47,699	207,203	254,902	163,220
In-kind contributions (Note 2)	227,714		227,714	231,972
Contributions	129,115		129,115	45,703
Other income	25,278		25,278	15,082
Special events			-	25,117
Net assets released from restrictions (Note 6)	129,177	(129,177)	-	-
TOTAL REVENUE AND SUPPORT	1,445,579	78,026	1,523,605	1,091,443
EXPENSES				
Health and social services	1,135,926		1,135,926	887,706
General and administrative	126,856		126,856	93,129
Fundraising	129,764		129,764	161,328
TOTAL EXPENSES	1,392,546	-	1,392,546	1,142,163
CHANGE IN NET ASSETS	53,033	78,026	131,059	(50,720)
NET ASSETS, BEGINNING OF YEAR	391,983	46,248	438,231	488,951
NET ASSETS, END OF YEAR	\$ 445,016	\$ 124,274	\$ 569,290	\$ 438,231

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, 2019

With comparative totals for the year ended September 30, 2018

	Health and Social Services	General and Administrative	Fundraising	Total Expenses	
				2019	2018
Personnel expenses	\$ 817,458	\$ 100,062	\$ 106,003	\$ 1,023,523	\$ 870,591
Contracted services	122,441			122,441	33,620
Occupancy	50,106	8,590	9,305	68,001	56,485
Client emergency fund	60,589			60,589	87,885
Professional fees	22,194	3,681	3,900	29,775	28,850
Office expense	17,043	2,922	3,165	23,130	8,114
Telephone	8,835	1,465	1,552	11,852	10,183
Travel and meetings	8,405	1,394	1,477	11,276	7,056
Repairs and maintenance	7,803	1,294	1,371	10,468	4,568
Printing	4,548	754	799	6,101	5,564
Insurance expense	3,643	624	676	4,943	5,077
Client groups/workshops	4,243			4,243	4,051
Payroll services	2,893	480	508	3,881	3,478
Hiring and training		3,346		3,346	2,179
Postage	2,432	403	427	3,262	3,179
Dues and subscriptions	1,698	282	298	2,278	1,899
Bank and credit card charges		1,292		1,292	1,890
Network and outreach	683	113	120	916	955
Miscellaneous	523	88	95	706	1,407
Depreciation expense	389	66	68	523	717
Bad debt				-	4,415
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 1,135,926	\$ 126,856	\$ 129,764	\$ 1,392,546	
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 887,706	\$ 93,129	\$ 161,328		\$ 1,142,163

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, 2019

With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Change in net assets	\$ 131,059	\$ (50,720)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	523	717
(Increase) decrease in operating assets:		
Accounts receivable	40,636	(61,398)
Pledges receivable	-	18,505
Prepaid expenses	(1,562)	(322)
Increase (decrease) in operating liabilities:		
Accounts payable	(14,270)	18,627
Accrued payroll and vacation	14,145	(3,090)
Deferred contract revenue	10,351	45,128
	<u>180,882</u>	<u>(32,553)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
	<u>180,882</u>	<u>(32,553)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	<u>480,393</u>	<u>512,946</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	<u>\$ 661,275</u>	<u>\$ 480,393</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		

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.

Since 1980, 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, Program for Torture Victims:

- 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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a 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.

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. There are no pledges recorded in the financial statements that 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 58% of Program for Torture Victims' total revenue is derived from government grants and one government grantor represents 44% of total revenue and support.

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

Unearned Contract Revenue

Unearned contract revenue represents funds received in advance under a multi-year contract agreement. Revenues under this contract are recorded when expended, and therefore earned. Program for Torture Victims has until November 2019 to expend all funds awarded under this agreement. At September 30, 2019, unearned contract revenue was \$55,479.

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, 2019, Program for Torture Victims received \$227,714 in donated client related expenses and contracted 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 salaries and full-time equivalents 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

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now titled "without donor restrictions" and "with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. Program for Torture Victims' financial statements for the year-ended September 30, 2019 are presented in accordance with ASU 2016-14.

Comparative Totals

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Program for Torture Victims financial statements for the year ended September 30, 2018, from which the summarized information was derived.

3. Liquidity and Available Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 661,275
Account and grants receivable	<u>34,186</u>
Total financial assets	695,461
Less: cash net assets with restrictions	<u>(124,274)</u>
Total financial assets available for general expenditure within one year of the statement of financial position date	<u>\$ 571,187</u>

continued

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

4. Property and Equipment

Property and equipment at September 30, 2019 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>(60,065)</u>
	<u>\$ 77</u>

Depreciation expense for the year ended September 30, 2019 was \$523.

5. Commitments and Contingencies

Obligations Under Operating Leases

Program for Torture Victims entered into a new, five-year lease agreement for its headquarters that commenced in February 2020, occupying 2,423 square feet of office space. Program for Torture Victims also has a commitment for storage rental space until January 2025. Future minimum payments, by year and in the aggregate, under these leases consist of the following:

<u>Year ending September 30,</u>	
2020	\$ 57,809
2021	63,950
2022	65,868
2023	67,844
2024	69,878
Thereafter	<u>23,522</u>
	<u>\$348,871</u>

Rent expense under operating leases for the year ended September 30, 2019 was \$56,988.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2019 consists of client assistance funds in the amount of \$124,274. For the year ended September 30, 2019, net assets released from program restrictions were \$129,177.

continued

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

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 October 2018, 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 2019. The grant was fully spent as of September 30, 2019. The grant from the United Nations was used in accordance with its purpose, budget, and conditions during the year ended September 30, 2019.

9. Subsequent Events

Office Lease

Subsequent to year-end, Program for Torture Victims extended its Los Angeles office lease for a new five-year term, now ending in January 2025. The commitment under this lease was in effect as of the date of these financial statements and the five-year obligation has been included in Commitments and Contingencies disclosed in Note 5.

COVID-19

Following the California and local “Safer-at-home” orders, Program for Torture Victims has been conducting business as usual following the Los Angeles’ Safer at Home isolation protocols. All staff except physicians are working remotely. Other services (mental health, case management and peer support groups) have moved to utilizing TeleHealth. Program for Torture Victims has focused its strategies more on basic needs (food, house, and case management) as clients’ needs have changed due to unemployment and/or delayed work permits. The overall long-term impact of the COVID-19 virus on Program for Torture Victims cannot be foreseen at this time and is not reflected in these financial statements.

Paycheck Protection Program (PPP)

Program for Torture Victims applied for and received a PPP loan for the Small Business Administration (“SBA”). The amount of the loan was \$165,722 as was received on May 5th. The SBA loan proceeds will be used for business related purposes as specified in the loan application and consistent with PPP regulations.

Management has evaluated subsequent events through September 25, 2020, the date which the financial statements were available for issue. Except as noted above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.