



PROGRAM FOR TORTURE VICTIMS



FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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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 (a nonprofit organization), which comprise the Statement of Financial Position as of September 30, 2020, 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, 2020, 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' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Pasadena, California

October 1, 2021

PROGRAM FOR TORTURE VICTIMS

STATEMENT OF FINANCIAL POSITION

September 30, 2020

With comparative totals at September 30, 2019

	2020	2019
ASSETS		
Cash and cash equivalents (Note 2)	\$ 664,056	\$ 661,275
Accounts and grants receivable	178,636	34,186
Prepaid expenses	21,469	12,411
Property and equipment (Note 4)	-	77
TOTAL ASSETS	\$ 864,161	\$ 707,949
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 37,682	\$ 13,073
Accrued liabilities (Note 5)	152,768	70,107
Deferred revenue (Note 2)	65,369	55,479
Paycheck protection program loan (Note 6)	165,723	-
TOTAL LIABILITIES	421,542	138,659
NET ASSETS		
Without donor restrictions	298,047	445,016
With donor restrictions (Note 8)	144,572	124,274
TOTAL NET ASSETS	442,619	569,290
TOTAL LIABILITIES AND NET ASSETS	\$ 864,161	\$ 707,949

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

PROGRAM FOR TORTURE VICTIMS

STATEMENT OF ACTIVITIES

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020</u>	<u>2019</u>
REVENUE AND SUPPORT				
Government grants (Note 9)	\$ -	\$ 933,504	\$ 933,504	\$ 886,596
In-kind contributions (Note 2)	246,256		246,256	227,714
Other grants	78,200	100,000	178,200	254,902
Contributions	40,643	7,790	48,433	129,115
Other income	23,918		23,918	25,278
Special events, net of expenses of \$11,590	21,692		21,692	-
Net assets released from restrictions (Note 8)	1,020,996	(1,020,996)	-	-
TOTAL REVENUE AND SUPPORT	<u>1,431,705</u>	<u>20,298</u>	<u>1,452,003</u>	<u>1,523,605</u>
EXPENSES				
Health and social services	1,327,213		1,327,213	1,135,926
General and administrative	127,463		127,463	126,856
Fundraising	123,998		123,998	129,764
TOTAL EXPENSES	<u>1,578,674</u>	<u>-</u>	<u>1,578,674</u>	<u>1,392,546</u>
CHANGE IN NET ASSETS	(146,969)	20,298	(126,671)	131,059
NET ASSETS, BEGINNING OF YEAR	<u>445,016</u>	<u>124,274</u>	<u>569,290</u>	<u>438,231</u>
NET ASSETS, END OF YEAR	<u>\$ 298,047</u>	<u>\$ 144,572</u>	<u>\$ 442,619</u>	<u>\$ 569,290</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, 2020

With comparative totals for the year ended September 30, 2019

	Health and Social Services	General and Administrative	Fundraising	Total Expenses	
				2020	2019
Personnel expenses	\$ 1,010,900	\$ 110,312	\$ 82,293	\$ 1,203,505	\$ 1,023,523
Contracted services	139,442	780	27,025	167,247	122,441
Occupancy	60,765	7,763	6,692	75,220	68,001
Client emergency fund	39,782			39,782	60,589
Professional fees	26,032	3,326	2,867	32,225	29,775
Telephone	10,279	1,313	1,132	12,724	11,852
Client groups/workshops	12,690			12,690	4,243
Insurance expense	4,036	516	444	4,996	4,943
Travel and meetings	3,986	216	186	4,388	11,276
Printing	3,444	440	379	4,263	6,101
Payroll services	4,127			4,127	3,881
Dues and subscriptions	3,136	401	345	3,882	2,278
Office expense	2,326	297	256	2,879	23,130
Repairs and maintenance	2,286	292	252	2,830	10,468
Hiring and training	1,951	249	215	2,415	3,346
Postage	1,409	180	155	1,744	3,262
Miscellaneous	383	1,220	42	1,645	706
Bank and credit card charges		158	1,420	1,578	1,292
Network and outreach	162		295	457	916
Depreciation expense	77			77	523
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 1,327,213	\$ 127,463	\$ 123,998	\$ 1,578,674	
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 1,135,926	\$ 126,856	\$ 129,764		\$ 1,392,546

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, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Change in net assets	\$ (126,671)	\$ 131,059
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	77	523
(Increase) decrease in operating assets:		
Accounts receivable	(144,450)	40,636
Prepaid expenses	(9,058)	(1,562)
Increase (decrease) in operating liabilities:		
Accounts payable	24,609	(14,270)
Accrued payroll and vacation	82,661	14,145
Deferred contract revenue	9,890	10,351
	<u>(162,942)</u>	<u>180,882</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
	<u>165,723</u>	<u>-</u>
CASH FLOWS TO FINANCING ACTIVITIES:		
Proceeds from paycheck protection program loan	<u>165,723</u>	<u>-</u>
	<u>165,723</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
	<u>2,781</u>	<u>180,882</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	<u>661,275</u>	<u>480,393</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	<u>\$ 664,056</u>	<u>\$ 661,275</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 those 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 64% of Program for Torture Victims' total revenue is derived from government grants and one government grantor represents 50% 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

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, 2020, Program for Torture Victims received \$246,256 in donated client and program related services and materials.

Revenue and Revenue Recognition

Program for Torture Victims recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. As of September 30, 2020, Program for Torture Victims did not have any contributions categorized as conditional.

A portion of Program for Torture Victims' revenue is derived from federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Program for Torture Victims has incurred expenditures or performed services in compliance with specific contract or grant provisions.

Deferred revenue represents funds received in advance under a multi-year performance contract agreement. Revenues under this contract are recorded when expended, and therefore earned. Program for Torture Victims has until December 30, 2021 to expend all funds awarded under this agreement. At September 30, 2020, unearned contract revenue was \$65,369.

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.

continued

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

Recently Adopted Accounting Pronouncements

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes, or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expanded disclosures about revenue. Program for Torture Victims has implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on the net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Program for Torture Victims has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

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, 2019, 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	\$ 664,056
Account and grants receivable	<u>178,636</u>
Total financial assets	842,692
Less: net assets with restrictions	<u>(144,572)</u>
Total financial assets available for general expenditure within one year of the statement of financial position date	<u>\$ 698,120</u>

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PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

4. Property and Equipment

Property and equipment at September 30, 2020 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>(60,142)</u>
	<u>\$ -</u>

Depreciation expense for the year ended September 30, 2020 was \$77.

5. Accrued Liabilities

Accrued liabilities at September 30, 2020 consist of the following:

Unearned contract revenue - ORR	\$ 59,355
Accrued vacation	50,040
Accrued payroll	<u>43,373</u>
	<u>\$152,768</u>

6. Paycheck Protection Program

In May 2020, Program for Torture Victims received a loan in the amount of \$165,723 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for advances to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan is forgivable after a period of up to twenty-four weeks ("the covered period") as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

Any unforgiven portion of the PPP funding is payable over two years at an interest rate of 1%, with a deferral period for loan payments of either (1) the date that the Small Business Administration ("SBA") remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period (see Note 12).

continued

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

7. 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>	
2021	\$ 63,950
2022	65,868
2023	67,844
2024	69,878
2025	<u>23,522</u>
	<u>\$291,062</u>

Rent expense under operating leases for the year ended September 30, 2020 was \$64,841.

Impact of COVID-19 Virus

Following the State of California COVID-19 protocols, Program for Torture Victims has been conducting business activities as usual with consideration of social distancing and remote work opportunities. The future, long-term financial 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.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2020 consists of the following:

Health clinic (purpose)	\$ 75,000
Client emergency funds (purpose)	51,567
United Nations (time restriction)	<u>18,005</u>
	<u>\$144,572</u>

For the year ended September 30, 2020, net assets released from program restrictions were \$1,020,996, of which \$1,019,001 was released for purpose restrictions and \$1,995 from time restrictions.

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

9. Government Grants

Government grants for the year ended September 30, 2020 consist of the following:

Office of Refugee Resettlement (ORR)	\$725,643
LA Justice Fund	90,110
California Office of Emergency Services – St. Johns	75,501
Los Angeles County COVID	28,950
Los Angeles County Department of Arts and Culture	<u>13,300</u>
	<u>\$933,504</u>

10. 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.

11. United Nations Grant Expenses Compliance

In October 2019, 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 2020 through December 2020. \$1,995 of the grant was spent as of September 30, 2020. The remaining grant is expected to be used by December 2020. The grant from the United Nations was used in accordance with its purpose, budget, and conditions during the year ended September 30, 2020.

12. Subsequent Events

PPP Loan

In the fiscal year ending September 30, 2021, Program for Torture Victims' received notification that its PPP loan of \$165,723 was forgiven in full by the SBA. The revenue related to this debt forgiveness will be recorded in the fiscal year in which the debt was forgiven, as the release of debt is deemed satisfaction of a condition/barrier.

United Nations Grant

The remaining \$18,005 of the United Nations grant (see Notes 8 and 11) was spent in full by December 2020 in compliance with the grant conditions.

Management has evaluated subsequent events through October 1, 2021, 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.