

PROGRAM FOR TORTURE VICTIMS



FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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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, 2021, 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, 2021, 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' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, 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 April 6, 2022, on our consideration of Program for Torture Victims' 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 Program for Torture Victims' 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 Program for Torture Victims' internal control over financial reporting and compliance.

Harrington Group

Pasadena, California

April 6, 2022

PROGRAM FOR TORTURE VICTIMS

STATEMENT OF FINANCIAL POSITION

September 30, 2021

With comparative totals at September 30, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents (Note 2)	\$ 639,626	\$ 664,056
Accounts and grants receivable	128,671	178,636
Prepaid expenses	10,991	21,469
Property and equipment (Note 4)	-	-
TOTAL ASSETS	<u>\$ 779,288</u>	<u>\$ 864,161</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 51,311	\$ 37,682
Accrued liabilities (Note 5)	100,414	152,768
Deferred revenue	-	65,369
Paycheck protection program loan (Note 6)	-	165,723
TOTAL LIABILITIES	<u>151,725</u>	<u>421,542</u>
NET ASSETS		
Without donor restrictions	543,236	298,047
With donor restrictions (Note 8)	84,327	144,572
TOTAL NET ASSETS	<u>627,563</u>	<u>442,619</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 779,288</u>	<u>\$ 864,161</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, 2021

With comparative totals for the year ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
REVENUE AND SUPPORT				
Government grants (Note 9)	\$ 1,062,739	\$ -	\$ 1,062,739	\$ 933,504
Other grants	284,883	65,395	350,278	178,200
In-kind contributions (Note 2)	239,022		239,022	246,256
Contributions	45,510		45,510	48,433
Special events, net of expenses of \$420	21,835		21,835	21,692
Other income	78		78	23,918
Net assets released from restrictions (Note 8)	125,640	(125,640)	-	-
TOTAL REVENUE AND SUPPORT	1,779,707	(60,245)	1,719,462	1,452,003
EXPENSES				
Health and social services	1,408,743		1,408,743	1,327,213
General and administrative	120,315		120,315	127,463
Fundraising	171,183		171,183	123,998
TOTAL EXPENSES	1,700,241	-	1,700,241	1,578,674
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	79,466	(60,245)	19,221	(126,671)
OTHER CHANGES				
Forgiveness of paycheck protection program loan (Note 6)	165,723		165,723	-
TOTAL OTHER CHANGES	165,723	-	165,723	-
CHANGE IN NET ASSETS	245,189	(60,245)	184,944	(126,671)
NET ASSETS, BEGINNING OF YEAR	298,047	144,572	442,619	569,290
NET ASSETS, END OF YEAR	\$ 543,236	\$ 84,327	\$ 627,563	\$ 442,619

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, 2021

With comparative totals for the year ended September 30, 2020

	Health and Social Services	General and Administrative	Fundraising	Total Expenses	
				2021	2020
Personnel expenses	\$ 749,400	\$ 96,973	\$ 138,528	\$ 984,901	\$ 957,249
In-kind services and supplies	239,022			239,022	246,256
Contracted services	154,694	2,194	7,416	164,304	167,247
Client emergency fund	89,731			89,731	39,782
Occupancy	66,496	8,179	9,174	83,849	75,220
Professional fees	44,268	5,445	6,108	55,821	32,225
Hiring and training	23,606	2,903	3,257	29,766	2,415
Office expense	12,748	1,568	1,759	16,075	2,879
Telephone	11,830	1,455	1,632	14,917	12,724
Insurance expense	4,011	493	553	5,057	4,996
Payroll services	4,714			4,714	4,127
Repairs and maintenance	2,470	304	341	3,115	2,830
Dues and subscriptions	2,233	275	308	2,816	3,882
Printing	1,999	246	276	2,521	4,263
Bank and credit card charges		100	901	1,001	1,578
Network and outreach	220	27	730	977	457
Postage	653	80	90	823	1,744
Travel and meetings	354	44	49	447	4,388
Miscellaneous	114	29	61	204	1,645
Client groups/workshops	180			180	12,690
Depreciation expense				-	77
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 1,408,743	\$ 120,315	\$ 171,183	\$ 1,700,241	
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 1,327,213	\$ 127,463	\$ 123,998		\$ 1,578,674

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, 2021

With comparative totals for the year ended September 30, 2020

	2021	2020
CASH FLOWS (TO) OPERATING ACTIVITIES:		
Change in net assets	\$ 184,944	\$ (126,671)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	-	77
Forgiveness of paycheck protection program loan	(165,723)	-
(Increase) decrease in operating assets:		
Accounts receivable	49,965	(144,450)
Prepaid expenses	10,478	(9,058)
Increase (decrease) in operating liabilities:		
Accounts payable	13,629	24,609
Accrued payroll and vacation	(52,354)	82,661
Deferred contract revenue	(65,369)	9,890
	(24,430)	(162,942)
NET CASH (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program loan	-	165,723
	-	165,723
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(24,430)	2,781
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	664,056	661,275
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 639,626	\$ 664,056

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 62% of Program for Torture Victims' total revenue is derived from government grants and one government grantor represents 49% 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, 2021, Program for Torture Victims received \$239,022 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, 2021, 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 multi-year performance contract agreements.

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.

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.

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, 2020, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through April 6, 2022, 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 in the financial statements.

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	\$639,626
Account and grants receivable	<u>128,671</u>
Total financial assets	768,297
Less: net assets with restrictions	<u>(84,327)</u>
Total financial assets available for general expenditure within one year of the statement of financial position date	<u>\$683,970</u>

continued

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

4. Property and Equipment

Property and equipment at September 30, 2021 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>

No depreciation expense was recorded for the year ended September 30, 2021

5. Accrued Liabilities

Accrued liabilities at September 30, 2021 consist of the following:

Accrued payroll	\$ 55,223
Accrued vacation	<u>45,191</u>
	<u>\$100,414</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.

During the fiscal year ended September 30, 2021, Program for Torture Victims received notice from its PPP loan servicer that its PPP loan forgiveness application for \$165,723 was approved. As a result, revenue of \$165,723 was recorded during the fiscal year ended September 30, 2021 to reflect the loan forgiveness.

The SBA reserves the right to review any loan at their discretion and the SBA has indicated that it will review loans of \$2 million or more. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. PPP loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

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>	
2022	\$ 65,868
2023	67,844
2024	69,878
2025	<u>23,522</u>
	<u>\$227,112</u>

Rent expense under operating leases, including month-to-month leases, for the year ended September 30, 2021 was \$75,600.

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, 2021 consists of the following:

Client emergency funds (purpose)	\$51,567
United Nations (time restriction)	20,000
LA County Department of Arts & Culture (purpose)	<u>12,760</u>
	<u>\$84,327</u>

For the year ended September 30, 2021, net assets released from program restrictions were \$125,640 of which \$107,635 was released for purpose restrictions and \$18,005 from time restrictions.

continued

PROGRAM FOR TORTURE VICTIMS

NOTES TO FINANCIAL STATEMENTS

9. Government Grants

Government grants for the year ended September 30, 2021 consist of the following:

Office of Refugee Resettlement (ORR)	\$ 837,323
California Office of Emergency Services – St. Johns	76,237
LA Justice Fund	65,369
Federal COVID Relief Fund – Local Initiatives Support Corporation	46,050
State of California COVID Relief Fund	25,000
Los Angeles County Department of Arts and Culture	<u>12,760</u>
	<u>\$1,062,739</u>

10. Fair Value Measurements

The table below present transactions measured at fair value on a non-recurring basis during the year ended September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed services	\$ -	\$237,587	\$ -	\$237,587
Contributed supplies	<u> </u>	<u>1,435</u>	<u> </u>	<u>1,435</u>
	<u>\$ -</u>	<u>\$239,022</u>	<u>\$ -</u>	<u>\$239,022</u>

The fair value of contributed services and supplies has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

11. 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.

12. United Nations Grant Expenses Compliance

In October 2020, Program for Torture Victims was awarded a \$20,000 grant from the United Nations. The grant is to be used for the assistance of torture victims for the period January 2021 through December 2021. None of the grant was spent as of September 30, 2021. The remaining grant was used by December 2021.