

**PROGRAM FOR TORTURE VICTIMS**



**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Program for Torture Victims

### **Opinion**

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, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Program for Torture Victims as of September 30, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Program for Torture Victims and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Program for Torture Victims' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITORS' REPORT

continued

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### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Program for Torture Victims' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Program for Torture Victims' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited Program for Torture Victims' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, 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 September 22, 2023, 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  
September 22, 2023

# PROGRAM FOR TORTURE VICTIMS

## STATEMENT OF FINANCIAL POSITION

September 30, 2022

With comparative totals at September 30, 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 538,095	\$ 639,626
Accounts and grants receivable	114,036	128,671
Prepaid expenses	<u>10,083</u>	<u>10,991</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 662,214</u></u>	<u><u>\$ 779,288</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 80,577	\$ 51,311
Accrued liabilities (Note 4)	<u>79,692</u>	<u>100,414</u>
<b>TOTAL LIABILITIES</b>	<u>160,269</u>	<u>151,725</u>
<b>NET ASSETS</b>		
Without donor restrictions	474,055	543,236
With donor restrictions (Note 6)	<u>27,890</u>	<u>84,327</u>
<b>TOTAL NET ASSETS</b>	<u>501,945</u>	<u>627,563</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 662,214</u></u>	<u><u>\$ 779,288</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, 2022

With comparative totals for the year ended September 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2022</b>	<b>2021</b>
<b>REVENUE AND SUPPORT</b>				
Government grants (Note 7)	\$ 1,085,465	\$ 13,810	\$ 1,099,275	\$ 1,062,739
Contributed services and supplies (Note 8)	240,691		240,691	239,022
Other grants	123,074	110,000	233,074	350,278
Contributions	158,388		158,388	45,510
Special events, net of expenses of \$3,381	9,669		9,669	21,835
Other income	2,895		2,895	78
Net assets released from restrictions (Note 6)	180,247	(180,247)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>1,800,429</b>	<b>(56,437)</b>	<b>1,743,992</b>	<b>1,719,462</b>
<b>EXPENSES</b>				
Health and social services	1,544,432		1,544,432	1,408,743
General and administrative	119,292		119,292	120,315
Fundraising	205,886		205,886	171,183
<b>TOTAL EXPENSES</b>	<b>1,869,610</b>	<b>-</b>	<b>1,869,610</b>	<b>1,700,241</b>
<b>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</b>	<b>(69,181)</b>	<b>(56,437)</b>	<b>(125,618)</b>	<b>19,221</b>
<b>OTHER CHANGES</b>				
Forgiveness of paycheck protection program loan			-	165,723
<b>TOTAL OTHER CHANGES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,723</b>
<b>CHANGE IN NET ASSETS</b>	<b>(69,181)</b>	<b>(56,437)</b>	<b>(125,618)</b>	<b>184,944</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>543,236</b>	<b>84,327</b>	<b>627,563</b>	<b>442,619</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 474,055</b>	<b>\$ 27,890</b>	<b>\$ 501,945</b>	<b>\$ 627,563</b>

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, 2022  
With comparative totals for the year ended September 30, 2021

	<b>Health and Social Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>	
				<b>2022</b>	<b>2021</b>
Personnel expenses	\$ 857,256	\$ 94,136	\$ 143,297	\$ 1,094,689	\$ 984,901
Contracted services	218,372	5,982	37,932	262,286	164,304
Contributed services and supplies (Note 8)	240,691			240,691	239,022
Professional fees	69,979	7,465	8,651	86,095	55,821
Occupancy	58,455	6,236	7,226	71,917	83,849
Client emergency fund expense	50,691			50,691	89,731
Telephone	14,140	1,508	1,748	17,396	14,917
Hiring and training	8,370	893	1,034	10,297	29,766
Payroll services	4,805	528	803	6,136	4,714
Insurance expense	4,095	437	506	5,038	5,057
Office expense	3,910	417	483	4,810	16,075
Travel and meetings	4,669			4,669	447
Network and outreach	1,314	140	2,358	3,812	977
Dues and subscriptions	2,355	251	291	2,897	2,816
Printing	2,035	217	252	2,504	2,521
Repairs and maintenance	2,024	216	250	2,490	3,115
Bank and credit card charges		641	897	1,538	1,001
Postage	894	95	111	1,100	823
Miscellaneous	377	86	47	510	204
Client groups/workshops		44		44	180
<b>TOTAL 2022 FUNCTIONAL EXPENSES</b>	<b>\$ 1,544,432</b>	<b>\$ 119,292</b>	<b>\$ 205,886</b>	<b>\$ 1,869,610</b>	
<b>TOTAL 2021 FUNCTIONAL EXPENSES</b>	<b>\$ 1,408,743</b>	<b>\$ 120,315</b>	<b>\$ 171,183</b>		<b>\$ 1,700,241</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, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS (TO) OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (125,618)	\$ 184,944
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Forgiveness of paycheck protection program loan	-	(165,723)
(Increase) decrease in operating assets:		
Accounts receivable	14,635	49,965
Prepaid expenses	908	10,478
Increase (decrease) in operating liabilities:		
Accounts payable	29,266	13,629
Accrued payroll and vacation	(20,722)	(52,354)
Deferred contract revenue	-	(65,369)
	<u>(101,531)</u>	<u>(24,430)</u>
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<u>(101,531)</u>	<u>(24,430)</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(101,531)</u>	<u>(24,430)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>639,626</u>	<u>664,056</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 538,095</u>	<u>\$ 639,626</u>

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.

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, providing psychological counseling free of charge.
- Provide intensive case management, assisting with basic needs such as transportation, food, clothing, housing, workforce development, and language classes
- Helps integrate new immigrants into American culture through various workshops, including financial literacy, violence against women policies, education pathways, and more.
- Provide clients with primary care and forensic medical evaluations
- 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 right 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

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### 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 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 defines 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.

#### **Concentrations 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 63% of Program for Torture Victims' total revenue is derived from government grants and one government grantor represents 57% of total revenue and support. Program for Torture Victims has had an on-going relationship with the government grantor and recognizes the vulnerability of the funding significance.

#### **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.

continued

# PROGRAM FOR TORTURE VICTIMS

## NOTES TO FINANCIAL STATEMENTS

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

#### Contributed Services and Supplies

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. See Note 8 regarding contributed services and supplies received during the fiscal year ended September 30, 2022.

#### 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, 2022, 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.

#### 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

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

#### Recently Adopted Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items, to increase transparency and comparability surrounding contributed nonfinancial assets through enhancements to presentation and disclosure. The ASU requires to present contributed nonfinancial assets as a separate line item in the Statement of Activities, apart from contributions of cash and other financial assets, include in disclosures a disaggregation of the amount of contributed nonfinancial assets by category, for each category, additional qualitative disclosures. The update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The ASU is effective for fiscal years beginning after June 15, 2021. Program for Torture Victims' financial statements for the year ended September 30, 2022, are presented in accordance with ASU 2020-07.

#### 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, 2021, from which the summarized information was derived.

#### Subsequent Events

Management has evaluated subsequent events through September 22, 2023, 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.

# PROGRAM FOR TORTURE VICTIMS

## NOTES TO FINANCIAL STATEMENTS

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### 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	\$538,095
Account and grants receivable	<u>114,036</u>
Total financial assets	652,131
Less: net assets with restrictions	<u>(27,890)</u>
Total financial assets available for general expenditures within one year of the statement of financial position date	<u>\$624,241</u>

### 4. Accrued Liabilities

Accrued liabilities at September 30, 2022 consist of the following:

Accrued payroll	\$39,093
Accrued vacation	<u>40,599</u>
	<u>\$79,692</u>

### 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>	
2023	\$ 67,844
2024	69,878
2025	<u>23,522</u>
	<u>\$161,244</u>

Rent expense under operating leases, including month-to-month leases, for the year ended September 30, 2022 was \$71,268.

## PROGRAM FOR TORTURE VICTIMS

### NOTES TO FINANCIAL STATEMENTS

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#### 6. Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2022 consists of the following:

Health clinic	\$13,355
Client emergency funds	9,535
Interpreters	<u>5,000</u>
	<u>\$27,890</u>

For the year ended September 30, 2022, net assets released from purpose restrictions were \$180,247.

#### 7. Government Grants

Government grants for the year ended September 30, 2022 consist of the following:

Office of Refugee Resettlement (ORR)	\$ 994,629
California Office of Emergency Services – St. Johns Well Child & Family Center	75,836
Los Angeles County Department of Arts and Culture	<u>28,810</u>
	<u>\$1,099,275</u>

#### 8. Contributed Services and Supplies

Contributed services and supplies received for the year ended September 30, 2022 are as follows:

Medical assistants/physician services	\$202,881
Therapist services	13,100
Legal services	7,000
Behavioral health interns (services)	5,760
Contributed food cards, utilities and transportation	<u>11,950</u>
	<u>\$240,691</u>

Unless otherwise noted, contributed services and supplies did not have donor-imposed restrictions. All contributed services and supplies were used for the health and social services program.

##### Contributed Services:

Medical assistants/physician and therapist: Estimated fair value based on average wage, at clinics in the region, for the specified position.

Legal: Estimated fair value based on prevailing wage for staff attorneys at nonprofit organizations in the region.

Behavioral health interns: Estimated fair value at average starting wage for the position in the region.

##### Contributed Supplies:

continued

# PROGRAM FOR TORTURE VICTIMS

## NOTES TO FINANCIAL STATEMENTS

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Food cards, utility payments and transportation payments: Estimated fair value based on actual cash value paid to the company on behalf of the client.

### 9. **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.

### 10. **United Nations Grant Expenses Compliance**

In April 2022, 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 2022 through December 2022. In October 2020, Program for Torture Victims had also received the same grant for \$20,000 which was for the period January 2021 through December 2021. As of the prior fiscal year ended September 30, 2021, the October 2020 grant had not been expended. As such, both grants were fully utilized during fiscal year ended September 30, 2022.