



Financial Statements
December 31, 2015 and 2014

The Center for Victims of Torture

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Independent Auditor's Report

The Board of Directors
The Center for Victims of Torture
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of The Center for Victims of Torture (CVT) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 CVT as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Restatement

As discussed in Note 15 to the financial statements, a certain error was identified that impacted temporarily restricted contributions, temporarily restricted net assets and promises to give as of and for the year ended December 31, 2014. This error was discovered through audit procedures performed during the current year. Accordingly, amounts reported for promises to give, contributions and temporarily restricted net assets have been restated in the 2014 financial statements now presented to correct the error. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2016, on our consideration of CVT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 CVT's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Minneapolis, Minnesota
May 3, 2016

The Center for Victims of Torture
Statements of Financial Position
December 31, 2015 and 2014

	2015	2014 (restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,077,547	\$ 1,754,350
Investments	29,506	29,702
Accounts receivable	798,840	753,153
Promises to give, net	1,583,248	1,945,269
Prepaid expenses	201,186	143,292
	3,690,327	4,625,766
Property and Equipment, Net	1,544,051	1,775,581
Other Assets		
Restricted cash	20,000	40,000
Net promises to give > 1 year	1,237,904	1,308,624
Restricted investments	1,012,371	785,458
Beneficial interest in lead trust	68,485	72,893
	2,338,760	2,206,975
	\$ 7,573,138	\$ 8,608,322
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 136,600	\$ 104,042
Accrued expenses and other liabilities	202,351	166,874
Deferred grants	-	333,135
Lease incentive	240,000	320,000
	578,951	924,051
Net Assets		
Unrestricted		
Undesignated	669,668	329,917
Board-designated operating reserve	378,396	351,624
Invested in property and equipment	1,544,051	1,775,581
	2,592,115	2,457,122
Temporarily restricted	3,235,964	4,276,831
Permanently restricted	1,166,108	950,318
	6,994,187	7,684,271
	\$ 7,573,138	\$ 8,608,322

The Center for Victims of Torture
Statement of Activities
Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, Support, and Gains				
Contributions	\$ 2,476,321	\$ 1,854,563	\$ 140,790	\$ 4,471,674
Donated professional services	18,100	-	-	18,100
Program service fees	10,381,414	-	-	10,381,414
Other revenue	24,730	-	-	24,730
Change in value of split interest agreements	-	2,373	-	2,373
Net investment return	14,948	-	-	14,948
Net assets transferred	-	(75,000)	75,000	-
Net assets released from restrictions	2,822,803	(2,822,803)	-	-
Total revenue, support, and gains	<u>15,738,316</u>	<u>(1,040,867)</u>	<u>215,790</u>	<u>14,913,239</u>
Expenses				
Program Services				
Client services	2,828,996	-	-	2,828,996
Capacity building	1,052,593	-	-	1,052,593
Research	145,906	-	-	145,906
Public policy/education	798,084	-	-	798,084
International services	7,830,589	-	-	7,830,589
Total program services	<u>12,656,168</u>	<u>-</u>	<u>-</u>	<u>12,656,168</u>
Supporting Services				
Fundraising	1,238,365	-	-	1,238,365
Management and general	1,708,790	-	-	1,708,790
Total supporting services	<u>2,947,155</u>	<u>-</u>	<u>-</u>	<u>2,947,155</u>
Total expenses	<u>15,603,323</u>	<u>-</u>	<u>-</u>	<u>15,603,323</u>
Change in Net Assets	134,993	(1,040,867)	215,790	(690,084)
Net Assets, Beginning of Year	<u>2,457,122</u>	<u>4,276,831</u>	<u>950,318</u>	<u>7,684,271</u>
Net Assets, End of Year	<u>\$ 2,592,115</u>	<u>\$ 3,235,964</u>	<u>\$ 1,166,108</u>	<u>\$ 6,994,187</u>

The Center for Victims of Torture
Statement of Activities (Restated)
Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, Support, and Gains				
Contributions	\$ 2,158,264	\$ 3,664,980	\$ 820,000	\$ 6,643,244
Donated professional services	47,954	-	-	47,954
Program service fees	9,721,471	-	-	9,721,471
Other revenue	36,263	-	-	36,263
Change in value of split interest agreements	-	4,823	-	4,823
Net investment return	(4,810)	-	-	(4,810)
Net assets released from restrictions	2,156,465	(2,156,465)	-	-
Total revenue, support, and gains	<u>14,115,607</u>	<u>1,513,338</u>	<u>820,000</u>	<u>16,448,945</u>
Expenses				
Program Services				
Client services	2,531,580	-	-	2,531,580
Capacity building	1,075,652	-	-	1,075,652
Research	119,269	-	-	119,269
Public policy/education	541,381	-	-	541,381
International services	7,419,395	-	-	7,419,395
Total program services	<u>11,687,277</u>	<u>-</u>	<u>-</u>	<u>11,687,277</u>
Supporting Services				
Fundraising	1,134,608	-	-	1,134,608
Management and general	1,449,386	-	-	1,449,386
Total supporting services	<u>2,583,994</u>	<u>-</u>	<u>-</u>	<u>2,583,994</u>
Total expenses	<u>14,271,271</u>	<u>-</u>	<u>-</u>	<u>14,271,271</u>
Change in Net Assets	(155,664)	1,513,338	820,000	2,177,674
Net Assets, Beginning of Year	<u>2,612,786</u>	<u>2,763,493</u>	<u>130,318</u>	<u>5,506,597</u>
Net Assets, End of Year	<u>\$ 2,457,122</u>	<u>\$ 4,276,831</u>	<u>\$ 950,318</u>	<u>\$ 7,684,271</u>

Program Services

	Client Services	Capacity Building	Research	Public Policy/ Education	International Services
Salaries	\$ 1,666,432	\$ 525,544	\$ 90,116	\$ 301,807	\$ 4,008,304
Benefits and taxes	392,782	135,087	17,399	70,841	1,297,754
	2,059,214	660,631	107,515	372,648	5,306,058
Program expenses	146,155	2,969	-	123	402,214
Consultants	30,815	73,558	2,735	89,473	135,450
Printing	5,274	1,265	250	130,423	3,496
Occupancy	100,327	54,520	3,872	37,406	421,805
Meetings and conferences	3,750	35,926	-	12,341	42,777
Travel	35,506	59,861	9,874	59,446	708,803
Office support	77,289	26,604	5,045	19,571	255,184
Fees and allowances	15,592	1,324	2,284	55	28,464
Sub-grants	-	-	-	-	248,628
Depreciation	-	-	-	-	-
Direct program expenses	2,473,922	916,658	131,575	721,486	7,552,879
Common cost allocation	355,074	135,935	14,331	76,598	277,710
Total expenses	<u>\$ 2,828,996</u>	<u>\$ 1,052,593</u>	<u>\$ 145,906</u>	<u>\$ 798,084</u>	<u>\$ 7,830,589</u>

The Center for Victims of Torture
Statement of Functional Expenses
Year Ended December 31, 2015

Total Program Services	Supporting Services		Total
	Fundraising	Management and General	
\$ 6,592,203	\$ 393,173	\$ 1,446,873	\$ 8,432,249
1,913,863	114,432	366,904	2,395,199
8,506,066	507,605	1,813,777	10,827,448
551,461	-	-	551,461
332,031	118,783	196,645	647,459
140,708	291,662	5,274	437,644
617,930	29,321	25,067	672,318
94,794	41,524	39,137	175,455
873,490	30,539	17,021	921,050
383,693	44,644	135,040	563,377
47,719	65,592	85,119	198,430
248,628	-	-	248,628
-	-	360,053	360,053
11,796,520	1,129,670	2,677,133	15,603,323
859,648	108,695	(968,343)	-
<u>\$ 12,656,168</u>	<u>\$ 1,238,365</u>	<u>\$ 1,708,790</u>	<u>\$ 15,603,323</u>

	Program Services				
	Client Services	Capacity Building	Research	Public Policy/ Education	International Services
Salaries	\$ 1,508,080	\$ 511,739	\$ 72,262	\$ 231,203	\$ 3,574,468
Benefits and taxes	350,450	141,433	18,277	54,266	1,282,978
	<u>1,858,530</u>	<u>653,172</u>	<u>90,539</u>	<u>285,469</u>	<u>4,857,446</u>
Program expenses	147,016	6,338	-	1,383	406,260
Consultants	36,182	65,027	-	3,790	127,671
Printing	5,638	1,010	196	118,698	2,782
Occupancy	87,921	51,840	3,128	36,004	356,263
Meetings and conferences	4,086	17,119	-	6,552	21,612
Travel	17,978	76,617	11,037	31,716	666,258
Office support	45,681	33,616	2,498	19,054	317,029
Fees and allowances	10,766	1,199	217	40	23,796
Sub-grants	-	48,205	-	-	378,311
Depreciation	-	-	-	-	-
Direct program expenses	<u>2,213,798</u>	<u>954,143</u>	<u>107,615</u>	<u>502,706</u>	<u>7,157,428</u>
Common cost allocation	<u>317,782</u>	<u>121,509</u>	<u>11,654</u>	<u>38,675</u>	<u>261,967</u>
Total expenses	<u>\$ 2,531,580</u>	<u>\$ 1,075,652</u>	<u>\$ 119,269</u>	<u>\$ 541,381</u>	<u>\$ 7,419,395</u>

See Notes to Financial Statements

The Center for Victims of Torture
Statement of Functional Expenses
Year Ended December 31, 2014

<u>Total Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Fundraising</u>	<u>Management and General</u>	
\$ 5,897,752	\$ 288,853	\$ 1,272,636	\$ 7,459,241
1,847,404	73,536	342,635	2,263,575
7,745,156	362,389	1,615,271	9,722,816
560,997	-	-	560,997
232,670	92,078	124,926	449,674
128,324	324,944	3,903	457,171
535,156	27,945	33,557	596,658
49,369	25,027	26,673	101,069
803,606	18,522	21,167	843,295
417,878	67,045	74,971	559,894
36,018	148,963	51,695	236,676
426,516	-	-	426,516
-	-	316,505	316,505
<u>10,935,690</u>	<u>1,066,913</u>	<u>2,268,668</u>	<u>14,271,271</u>
751,587	67,695	(819,282)	-
<u>\$ 11,687,277</u>	<u>\$ 1,134,608</u>	<u>\$ 1,449,386</u>	<u>\$ 14,271,271</u>

The Center for Victims of Torture
Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014 (restated)
Cash Flows from Operating Activities		
Change in net assets	\$ (690,084)	\$ 2,177,674
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	360,053	316,505
Realized and unrealized (gain) loss	(7,634)	6,464
Change in value of split-interest agreement	(2,373)	(4,823)
Donated stocks included in contributions	(292,913)	(187,928)
Contributions restricted for endowment	(140,790)	(820,000)
Changes in operating assets and liabilities		
Accounts receivable	(45,687)	(115,088)
Promises to give	432,741	(1,013,044)
Prepaid expenses	(57,894)	37,405
Accounts payable	32,558	40,201
Accrued expenses	35,477	25,413
Deferred grants	(333,135)	218,698
Lease incentives	(80,000)	320,000
	(789,681)	1,001,477
Net Cash from (used for) Operating Activities		
Cash Flows from Investing Activities		
Proceeds from sales of investments and restricted investments	280,978	168,048
Purchase of investments and restricted investments	(40,091)	(21)
Addition to endowment	(186,828)	(675,028)
Purchase of property and equipment	(128,523)	(901,374)
	(74,464)	(1,408,375)
Net Cash used for Investing Activities		
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	180,561	695,028
Proceeds from split-interest agreement	6,781	6,781
	187,342	701,809
Net Cash from Financing Activities		
Net Change in Cash and Cash Equivalents	(676,803)	294,911
Cash and Cash Equivalents, Beginning of Year	1,754,350	1,459,439
Cash and Cash Equivalents, End of Year	\$ 1,077,547	\$ 1,754,350
Supplemental Disclosures of Noncash Financing Activities		
Cash paid for interest	\$ 7,089	\$ 13,409

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Center for Victims of Torture (CVT) was incorporated under the laws of the State of Minnesota in May 1985 as a nonprofit corporation operating exclusively for charitable purposes. CVT's mission is to heal the wounds of torture on individuals, their families and their communities and to stop torture worldwide.

The programs through which CVT provides its services are described as follows:

Client Services

CVT's Client Services Program annually touches the lives of torture survivors and members of their families. The St. Paul clinic serves clients in an interdisciplinary care and treatment program that involves the professions of medicine, psychiatry, psychology, social work, nursing, massage therapy and physical therapy. The Healing Hearts program is a randomized control study exploring the efficacy of integrated CVT mental health services for traumatized Karen refugees in a primary care setting. Care is also provided for family members of clients and through community-based interventions. Information and referral services provide referrals for torture survivors and others who cannot travel to CVT for care. Staff clinicians provide training and consultation to organizations and agencies that are points-of-first-contact for torture survivors in the community.

Capacity Building

The National Capacity Building Project works to strengthen torture rehabilitation centers across the United States to enhance and expand treatment to torture survivors. The NCB Project maintains www.HealTorture.org as a resource for torture rehabilitation professionals. The project focuses on building networks of rehabilitation centers and service providers, fostering knowledge-sharing and relationship-building among professionals in the field, and providing expert training and technical assistance. NCB focuses on clinical skills and best practices, organizational development, fundraising, program management, data collection, and program evaluation.

New Tactics in Human Rights promotes enhanced strategic thinking among the human rights community through research and dissemination of innovative approaches to human rights work, development of tools and resource materials, and in-person and online training.

The program is working to strengthen the capacity of civil society activists and organizations in Egypt and Tunisia. This work includes engaging organizations in training partnerships to teach human rights defenders how to be more effective. Trainers in the Middle East and North Africa (MENA) region conducted workshops on strategic effectiveness. Additional newly-trained trainers conducted additional programs.

New Tactics maintains a bi-lingual English/Arabic website and hosted English and Arabic online dialogues. The dialogues provide online learning opportunities for human rights defenders who are looking for new or more effective ways to support human rights.

Research

CVT conducts ongoing program evaluation and research to describe its client population (demographic background, trauma and torture history, presenting diagnoses, symptoms, and complaints), patterns of service utilization, and responses to treatment. The research program focuses on developing a methodology that will allow CVT and other treatment centers serving torture survivors to document changes in physical, psychological and behavioral adaptation that are meaningful for a culturally diverse torture survivor population. Findings are disseminated through written and oral presentation in a variety of professional and media contacts.

In 2015, research staff provided training and support for CVT's International Services clinical assessment and program evaluation activities in Kenya, Ethiopia and Jordan to ensure that our programs comply with clinical, evaluation, and program management requirements. Since 2005, the research department has provided services to the Asia Foundation in Sri Lanka to support several Sri Lankan NGOs providing mental health services to torture survivors. In addition, the research staff collaborates with Tree of Life, a Zimbabwean community mental health program, to evaluate the effectiveness of their interventions for survivors.

Public Policy/Education

CVT's public policy work seeks to prevent torture, ensure torturers are held accountable for their actions, and increase access to rehabilitation services and asylum protection for survivors of torture and war atrocities. CVT's policy approach leverages the combination of five voices: survivors, clinicians, human rights lawyers, operational/humanitarian aid providers, and foreign policy experts. CVT has established an effective presence with state, national and international policy makers; that presence has given voice to torture survivors and healing groups emerging in the United States and abroad, providing them access to tell their stories and find new allies and resources to support their work.

In 2015, CVT advocated in support of federal financial resources to strengthen the capacity of torture survivor centers in the U.S. and around the world to extend care to survivors and to elevate the overall profile and prioritization of mental health services in humanitarian crises. CVT also continued to work toward resolving continuing problems created by the United States' embrace of torture and cruelty post-9/11, including in support of just and humane detention and interrogation policies, as well as accountability for acts of torture and cruelty. Finally, CVT offered its perspective to the U.S. immigration debate on particular issues in the U.S. asylum and detention systems that have an adverse impact on survivors of torture and pressed policymakers for solutions.

International Services

CVT provides direct mental health counseling services to refugee torture and war trauma survivors in the Dadaab refugee camps in Kenya and in refugee camps in the Tigray region of Ethiopia as well as providing the services to the survivors of the Lord's Resistance Army conflict in Northern Uganda. CVT also provides both counseling and physiotherapy services to Iraqi and Syrian refugee torture and war trauma survivors and their families in two urban centers in Jordan, as well as in Nairobi, Kenya. In addition, professional expatriate clinicians recruit, hire, train and supervise national staff to be paraprofessional psychosocial counselors, physiotherapists, and social and outreach workers who work under the direction of the professional staff. CVT provides its mental and physical rehabilitation through small group and individual counseling and physiotherapy. Outreach and education is conducted through large group and community-wide sensitization events.

CVT also assists foreign mental health rehabilitation centers in developing their mental health counseling skills, organizational and financial sustainability, and their program evaluation and monitoring practices.

Fundraising, Management and General

This area represents the administrative sector of The Center for Victims of Torture. Professional staff members secure resources necessary to operate CVT, allocate and monitor the use of those resources, and manage the organization on a day-to-day basis.

Cash and Cash Equivalents

CVT considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of CVT are excluded from this definition.

Restricted Cash

Amounts received for the endowment and included in permanently restricted net assets, prior to investment, are included in restricted cash. At December 31, 2015 and 2014, restricted cash was \$20,000 and \$40,000, respectively.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for program service fee revenues and are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management has concluded that the balances outstanding at year end are collectible.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value and discounted to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectible promises to give based on prior years' experiences and management's analysis of specific promises made. At December 31, 2015 and 2014, the allowance was \$118,768 and \$82,484, respectively.

Property and Equipment

Expenditures of \$5,000 or greater for property and equipment having continuing value are capitalized and recorded at the cost, or if donated, the fair market value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 39 years. Depreciation on leasehold improvements is computed over the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

CVT reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. There were no indicators of asset impairment during the years ended December 31, 2015 and 2014.

CVT retains title to property and equipment purchased with funding from U.S. State Department-Bureau of Population, Refugees and Migration contracts. Upon termination of those agreements, the property shall be transferred back to the Bureau unless the Bureau approves CVT to retain title. The net value of property and equipment purchased under these contracts at December 31, 2015 and 2014, is \$120,598 and \$121,227, respectively.

Beneficial Interest in Lead Trust

CVT is the recipient of the beneficial interest in a lead trust held by a third-party. A charitable lead trust provides for payment of specific distributions to designated beneficiaries over the trust's term. At the end of the trust's term, the remaining assets are distributed in accordance with the trust document.

Under the terms of the trust, CVT expects to receive an annual distribution of \$6,781 through July 2028. The value of the beneficial interest in lead trust is based upon the present value of the future cash flows. The present value was calculated using a discount rate of 3.29%.

Assets held in trust by a third-party are exposed to various risks, including overall market volatility, and as a result, it is reasonably possible that changes in their value will occur in the near term. Such changes could impact the value of CVT's beneficial interest.

Beneficial Interest in Assets Held by Community Foundations

CVT has established donor advised funds at two community foundations. One of the funds is a permanent endowment fund. CVT granted variance power to the community foundations which allows the community foundations to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of community foundations' Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the community foundations for the benefit of CVT, and is reported at fair value in the statement of financial position, with trust distributions and changes in fair value recognized in the statement of activities.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted Board-designated net assets consist of net assets designated by the Board of Directors for operating reserve.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of CVT and/or the passage of time, and certain income earned on permanently restricted net assets that has not been appropriated for expenditure by CVT's Board of Directors.

CVT reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of CVT. The restrictions stipulate that resources be maintained permanently but permit CVT to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to CVT's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. CVT records donated professional services at the respective fair values of the services received.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expense presents the natural classification detail of expenses by function. Accordingly, expenses are charged directly to program or management in general categories based on specific identification. Common costs have been allocated among the programs and supporting services benefited.

Income Taxes

CVT is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under Sections 509(a)(1). CVT is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, CVT is subject to income tax on net income that is derived from business activities that is unrelated to its exempt purposes. CVT has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

CVT believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. CVT would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

CVT manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, CVT has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of CVT's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of CVT.

Subsequent Events

CVT has evaluated subsequent events through May 3, 2016, the date the financial statements were available to be issued. CVT determined that there were no subsequent events that met the criteria for recognition of disclosure.

Note 2 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that CVT can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, CVT develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to CVT's assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of CVT's investment assets are classified within Level 1 because they are comprised of cash (at cost), money market mutual funds (at cost) and U.S. Government obligations with readily determinable fair values based on daily redemption values. The fair value of CVT's beneficial interest in assets held by community foundations is based on the fair value of fund investments as reported by each community foundation. These are considered to be Level 3 measurements.

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost as identified below, at December 31, 2015 and 2014:

<u>December 31, 2015</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Short-term investments				
Assets held by community foundations	\$ 29,506	\$ -	\$ -	\$ 29,506
Restricted investments				
Cash and money market mutual funds (at cost)	\$ 143,468	\$ -	\$ -	\$ -
U.S. Government obligations	7,047	7,047	-	-
Assets held by community foundations	861,856	-	-	861,856
	<u>\$ 1,012,371</u>	<u>\$ 7,047</u>	<u>\$ -</u>	<u>\$ 861,856</u>
 <u>December 31, 2014</u>				
Short-term investments				
Assets held by community foundations	\$ 29,702	\$ -	\$ -	\$ 29,702
Restricted investments				
Cash and money market mutual funds (at cost)	\$ 97,507	\$ -	\$ -	\$ -
U.S. Government obligations	8,896	8,896	-	-
Assets held by community foundations	679,055	-	-	679,055
	<u>\$ 785,458</u>	<u>\$ 8,896</u>	<u>\$ -</u>	<u>\$ 679,055</u>

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2015 and 2014:

<u>Year Ended December 31, 2015</u>	<u>Assets Held by Community Foundations</u>
Balance, beginning of year	\$ 708,757
Purchases/contributions of investments	197,000
Net realized and unrealized gain (loss)	5,758
Other	(4,223)
Distributions	(15,930)
	<u>\$ 891,362</u>
Ending balance	<u>\$ 891,362</u>
Unrealized gain (loss) included in net investment return in the statement of activities relating to assets still held at December 31, 2015	<u>\$ 5,758</u>
 <u>Year Ended December 31, 2014</u>	
Balance, beginning of year	\$ 31,930
Purchases/contributions of investments	675,028
Net realized and unrealized gain (loss)	2,079
Distributions	(280)
	<u>\$ 708,757</u>
Ending balance	<u>\$ 708,757</u>
Unrealized gain (loss) included in net investment return in the statement of activities relating to assets still held at December 31, 2014	<u>\$ 2,079</u>

Note 3 - Financial Instruments

Cash and cash equivalents include the following as of December 31, 2015 and 2014:

	2015	2014
Cash in U.S. accounts	\$ 947,327	\$ 1,722,931
Cash in Kenya		
Held in U.S. dollars	38,733	(2,316)
Cash in Jordan		
Held in dinars	77,845	19,493
Cash in Uganda		
Held in U.S. dollars	8,663	7,331
Held in shillings	-	62
Cash in Ethiopia		
Held in shire	4,979	6,849
	\$ 1,077,547	\$ 1,754,350

Amounts disclosed above are reported in U.S. dollars.

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at December 31, 2015 and 2014:

	2015	2014 (restated)
Within one year	\$ 1,637,508	\$ 1,982,318
In one to five years	1,210,082	1,214,149
Over five years	113,700	153,000
	2,961,290	3,349,467
Less discount to net present value	(21,370)	(13,090)
Less allowance for uncollectible promises to give	(118,768)	(82,484)
	\$ 2,821,152	\$ 3,253,893

Note 5 - Property and Equipment

Property and equipment consists of the following at December 31, 2015 and 2014:

	2015	2014
Land	\$ 96,300	\$ 96,300
Building and property improvements	1,121,365	1,121,365
Leasehold Improvement	603,649	597,949
Furniture and equipment	765,640	642,817
Vehicles	250,033	250,033
	2,836,987	2,708,464
Less accumulated depreciation	1,292,936	932,883
	\$ 1,544,051	\$ 1,775,581

Note 6 - Line of Credit

CVT has a \$1,000,000 line of credit with a bank, secured by all assets. Borrowings under the line bear interest at the bank's prime rate plus 0.5%, or a floor of 4% and 3.5% at December 31, 2015 and 2014, respectively. The agreement requires CVT to comply with certain financial and non-financial covenants, all of which CVT was in compliance with at December 31, 2015 and 2014. There was \$0 outstanding on the line of credit as of December 31, 2015 and 2014.

Note 7 - Leases

CVT leases office space under various operating leases. Future minimum lease payments are as follows:

Years Ending December 31,	Amount
2016	\$ 277,727
2017	248,799
2018	244,578
	\$ 771,104

Total lease expense for the years ended December 31, 2015 and 2014, totaled \$314,241 and \$297,855, respectively.

Note 8 - Endowments

CVT's endowment (the endowment) consists of three individual funds established by donors to provide annual funding for specific activities and general operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

CVT has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CVT classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is budgeted and classified as unrestricted net assets to be appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of December 31, 2015 and 2014, CVT had the following endowment net asset composition by type of fund:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>December 31, 2015</u>				
Donor-restricted for permanent endowment	\$ -	\$ -	\$ 1,166,108	\$ 1,166,108
<u>December 31, 2014</u>				
Donor-restricted for permanent endowment	\$ -	\$ -	\$ 950,318	\$ 950,318

Investment and Spending Policies

CVT has adopted an investment and spending policy which manages all its investments, including its endowment assets. Under this policy, as approved by the Board of Directors, investment assets are invested in a manner that is intended to preserve principal with low investment risk.

To satisfy its long-term rate-of-return objectives, CVT relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CVT targets a diversified asset allocation that places a greater emphasis on low risk investments to achieve its long-term return objectives within prudent risk constraints.

CVT has a policy of appropriating for distribution each year income generated from its endowment fund as part of its overall investment policy. In establishing the investment policy, CVT considered the long-term expected return on its endowment. Accordingly, over the long-term, CVT expects the current spending policy to not grow its endowment assets, but, generate income from them at the average annual savings interest rate. This is consistent with CVT's objective to maintain the principal of the endowment assets held in perpetuity or for a specified term as well as to provide a safe investment return.

Changes in Endowment net assets for the years ending December 31, 2015 and 2014, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Year Ended December 31, 2015</u>				
Endowment net assets, beginning of year	\$ -	\$ -	\$ 950,318	\$ 950,318
Contributions	-	-	140,790	140,790
Net assets transferred	-	-	75,000	75,000
	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,166,108</u>	<u>\$ 1,166,108</u>
<u>Year Ended December 31, 2014</u>				
Endowment net assets, beginning of year	\$ -	\$ -	\$ 130,318	\$ 130,318
Contributions	-	-	820,000	820,000
	<u>-</u>	<u>-</u>	<u>820,000</u>	<u>820,000</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950,318</u>	<u>\$ 950,318</u>

Note 9 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets at December 31, 2015 and 2014, consist of:

	2015	2014 (restated)
Program restriction		
New Tactics in Human Rights Project	\$ 83,415	\$ 105,307
New Tactics in Human Rights Project - Middle East and North Africa Initiative	-	297,578
Primary Care Clinic Partnership	193,190	816,625
Client services	432,578	229,879
Jordan	252,444	319,477
Kenya	150,000	40,000
Ethiopia	120,000	40,000
Syrians	60,000	171,061
PATH	16,898	30,000
Public policy	-	381,779
Comprehensive Campaign	100,000	1,661,217
University of Minnesota Collaboration	1,538,512	11,015
	5,442	4,103,938
	2,952,479	4,103,938
Timing restriction		
General operations	283,485	172,893
	283,485	172,893
	\$ 3,235,964	\$ 4,276,831

Net assets were released from restrictions as follows during the years ended December 31, 2015 and 2014:

	2015	2014
Program restriction		
New Tactics in Human Rights Project	\$ 140,861	\$ 177,297
New Tactics in Human Rights Project - Middle East and North Africa Initiative	308,152	364,341
Primary Care Clinic Partnership Program	172,645	431,926
Client services	498,840	106,934
Jordan	319,476	203,218
Kenya	52,000	92,886
Ethiopia	40,000	20,000
Syrians	23,771	314,331
PATH	30,000	5,000
Public policy	283,676	207,031
Comprehensive Campaign	650,399	167,475
University of Minnesota Collaboration	5,573	15,245
I/S Turkey	55,392	-
UNV Campaign	60,237	-
	2,641,022	2,105,684
Timing restriction		
General operations	181,781	50,781
	\$ 2,822,803	\$ 2,156,465

Permanently Restricted

Permanently restricted net assets consist of endowment funds restricted by donors for investment in perpetuity, and include assets held by a community foundation for the benefit of CVT. Distributions and earnings on endowment funds are available for the purposes specified by the donors, or in certain cases, for the unrestricted use of CVT. The permanently restricted net assets balances, classified by restriction on the use of earnings, are as follows at December 31, 2015: \$995,790 is a fund for innovation; \$15,143 is for the building; and \$155,175 is for client services. The permanently restricted net assets balances, classified by restriction on the use of earnings, are as follows at December 31, 2014: \$800,000 is a fund for innovation; \$15,143 is for the building; and \$135,175 is for client services.

Note 10 - Donated Professional Services and Materials

CVT received donated professional services and materials as follows during the years ended December 31, 2015 and 2014:

	<u>Client Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Year Ended December 31, 2015			
In-kind gift cards	\$ 3,550	\$ -	\$ -
In-kind legal services	-	14,550	-
	<u>\$ 3,550</u>	<u>\$ 14,550</u>	<u>\$ -</u>
Year Ended December 31, 2014			
In-kind gift cards	\$ 3,667	\$ 3,231	\$ 1,633
In-kind legal services	-	39,423	-
	<u>\$ 3,667</u>	<u>\$ 42,654</u>	<u>\$ 1,633</u>

Note 11 - Joint Costs of Activities that Include a Fund-Raising Appeal

For the years ended December 31, 2015 and 2014, CVT has allocated joint costs for program activities that are conducted with the quarterly newsletter, annual report, and various fund raising appeals. The costs have been allocated among program and supporting services as follows:

	<u>2015</u>	<u>2014</u>
Fundraising	\$ 152,609	\$ 169,995
Public policy and education	135,387	133,030
Grassroots lobbying	1,990	-
	<u>\$ 289,986</u>	<u>\$ 303,025</u>

Note 12 - Commitments and Contingencies

Certain grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, management deems the contingency remote, since by accepting the grant and its terms, CVT has accommodated the objectives of the organization providing the grant.

Note 13 - Employee Benefits

CVT has a defined contribution salary deferral plan covering substantially all employees. Under the plan, CVT contributes 1% to 5% of each eligible employee's salary based on years of service. In addition, CVT matches one-half of the employees' contribution, not to exceed 6% of the employees' compensation. Plan expenses incurred by CVT were \$265,659 and \$236,550 for the years ended December 31, 2015 and 2014, respectively.

Note 14 - Sabbatical Leave Policy

CVT has a Sabbatical Policy intended for professional and personal renewal and growth of CVT staff, which allows for an extended leave of absence of either three months at full pay or six months at half-time pay. Employees who hold long-term professional or management positions may apply for a sabbatical after completing at least seven years of continuous service of at least an average of 75% time over the preceding five years if they anticipate at least two additional years of service after the sabbatical. Staff members are not guaranteed a sabbatical during their employment, and approval rests with the Executive Director. There was no sabbatical leave granted for 2015 and 2014.

Note 15 - Restatement

The financial statements for the year ended December 31, 2014, have been restated to correctly account for a temporarily restricted contribution and related promise to give. The effects of the restatement as of and for the year ended December 31, 2014, are as follows:

Statement of Financial Position Information	As Previously Reported 2014	Effect of Restatement	As Restated 2014
Assets			
Current assets			
Promises to give, net	\$ 1,895,269	\$ 50,000	\$ 1,945,269
Total current assets	4,575,766	50,000	4,625,766
Other assets			
Net promises to give > 1 year	858,624	450,000	1,308,624
Total other assets	1,756,975	450,000	2,206,975
Total assets	8,108,322	500,000	8,608,322
Net assets			
Temporarily restricted	3,776,831	500,000	4,276,831
Total net assets	7,184,271	500,000	7,684,271
Total liabilities and net assets	8,108,322	500,000	8,608,322

<u>Statement of Activities Information</u>	<u>As Previously Reported 2014</u>	<u>Effect of Restatement</u>	<u>As Restated 2014</u>
Temporarily restricted revenue, support, and gains			
Contributions	\$ 3,164,980	\$ 500,000	\$ 3,664,980
Total revenue, support, and gains	1,013,338	500,000	1,513,338
Temporarily restricted change in net assets	1,013,338	500,000	1,513,338
Temporarily restricted net assets, end of year	3,776,831	500,000	4,276,831
 Total restricted revenue, support, and gains			
Contributions	\$ 6,143,244	\$ 500,000	\$ 6,643,244
Total revenue, support, and gains	15,948,945	500,000	16,448,945
Total restricted change in net assets	1,677,674	500,000	2,177,674
Total restricted net assets, end of year	7,184,271	500,000	7,684,271
 <u>Statement of Cash Flows Information</u>	 <u>As Previously Reported 2014</u>	 <u>Effect of Restatement</u>	 <u>As Restated 2014</u>
Operating activities			
Change in net assets	\$ 1,677,674	\$ 500,000	\$ 2,177,674
Changes in operating assets and liabilities to net cash from operating activities			
Promises to give	(513,044)	(500,000)	(1,013,044)