



SURVIVORS OF TORTURE, INTERNATIONAL

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED SEPTEMBER 30, 2023

SURVIVORS OF TORTURE, INTERNATIONAL

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SURVIVORS OF TORTURE, INTERNATIONAL

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of SURVIVORS OF TORTURE, INTERNATIONAL(a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, 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 SURVIVORS OF TORTURE, INTERNATIONAL as of September 30, 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SURVIVORS OF TORTURE, INTERNATIONAL 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 SURVIVORS OF TORTURE, INTERNATIONAL's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 SURVIVORS OF TORTURE, INTERNATIONAL's 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 SURVIVORS OF TORTURE, INTERNATIONAL's 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2024, on our consideration of SURVIVORS OF TORTURE, INTERNATIONAL's 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 SURVIVORS OF TORTURE, INTERNATIONAL's 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 of SURVIVORS OF TORTURE, INTERNATIONAL's internal control over financial reporting and compliance.



Tryna Accountancy Corporation

Oakland, California

May 24, 2024

BASIC FINANCIAL STATEMENTS

SURVIVORS OF TORTURE, INTERNATIONAL

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and equivalents	\$ 31,032	\$ 72,279	\$ 103,311
Accounts receivable	2,499	-	2,499
Grants receivable	550,081	250,000	800,081
Contributions receivable, current	-	101,797	101,797
Prepaid expenses	27,817	-	27,817
Investments	<u>650,768</u>	<u>-</u>	<u>650,768</u>
Total current assets	1,262,197	424,076	1,686,273
Contributions receivable, noncurrent	-	263,607	263,607
Deposits	18,500	-	18,500
Operating lease, right-of-use assets	621,107	-	621,107
Property and equipment, net	<u>1,172</u>	<u>-</u>	<u>1,172</u>
Total assets	<u>\$ 1,902,976</u>	<u>\$ 687,683</u>	<u>\$ 2,590,659</u>
LIABILITIES			
Accounts payable	\$ 66,598	\$ -	\$ 66,598
Accrued compensation	112,582	-	112,582
Refundable advance	7,671	-	7,671
Operating lease liabilities, current	<u>504,490</u>	<u>-</u>	<u>504,490</u>
Total current liabilities	691,341	-	691,341
Operating lease liabilities, noncurrent	<u>126,199</u>	<u>-</u>	<u>126,199</u>
Total liabilities	<u>817,540</u>	<u>-</u>	<u>817,540</u>
NET ASSETS			
Without donor restrictions			
Undesignated	1,085,436	-	1,085,436
With donor restrictions	<u>-</u>	<u>687,683</u>	<u>687,683</u>
Total net assets	<u>1,085,436</u>	<u>687,683</u>	<u>1,773,119</u>
Total liabilities and net assets	<u>\$ 1,902,976</u>	<u>\$ 687,683</u>	<u>\$ 2,590,659</u>

See independent auditor's report and accompanying notes to financial statements.

SURVIVORS OF TORTURE, INTERNATIONAL

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 307,840	\$ 520,715	\$ 828,555
Government grants	2,022,617	-	2,022,617
Program service fees	4,275	-	4,275
Special event revenue	48,897	111,045	159,942
In-kind revenue	93,084	-	93,084
Investment return	14,706	-	14,706
Net assets released from restrictions	<u>354,881</u>	<u>(354,881)</u>	<u>-</u>
Total revenue and support	2,846,300	276,879	3,123,179
EXPENSES			
Program services	2,098,768	-	2,098,768
Management and general	283,347	-	283,347
Fundraising	<u>164,507</u>	<u>-</u>	<u>164,507</u>
Total expenses	<u>2,546,622</u>	<u>-</u>	<u>2,546,622</u>
CHANGE IN NET ASSETS			
Net assets, beginning of year	299,678	276,879	576,557
Net assets, end of year	<u>785,758</u>	<u>410,804</u>	<u>1,196,562</u>
	<u><u>\$ 1,085,436</u></u>	<u><u>\$ 687,683</u></u>	<u><u>\$ 1,773,119</u></u>

See independent auditor's report and accompanying notes to financial statements.

SURVIVORS OF TORTURE, INTERNATIONAL

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,133,869	\$ 136,611	\$ 95,627	\$ 1,366,107
Payroll taxes	89,495	10,782	7,548	107,825
Employee benefit	89,016	10,725	7,507	107,248
Retirement benefit	21,868	2,635	1,844	26,347
Accounting fees	1,800	6,300	900	9,000
Advertising expenses	600	-	-	600
Client assistance	9,936	-	-	9,936
Conferences and travel	5,485	2,378	528	8,391
Contracted services	8,857	28,897	4,128	41,882
Information technology	30,074	28,443	5,589	64,106
Insurance	13,897	1,976	294	16,167
In-kind expenses	93,084	-	-	93,084
Medical director services	111,572	-	-	111,572
Medical supplies	9,632	187	-	9,819
Occupancy	162,021	19,520	13,664	195,205
Office expenses	42,778	12,122	2,801	57,701
Program support	9,107	-	-	9,107
Psychological services	148,701	-	-	148,701
Remote work stipend	-	8,603	-	8,603
Special event expenses	-	-	24,077	24,077
Translation services	116,976	-	-	116,976
Depreciation expense	-	1,172	-	1,172
Bad debt expense	-	12,996	-	12,996
Total expenses	<u>\$ 2,098,768</u>	<u>\$ 283,347</u>	<u>\$ 164,507</u>	<u>\$ 2,546,622</u>

See independent auditor's report and accompanying notes to financial statements.

SURVIVORS OF TORTURE, INTERNATIONAL

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023

Change in net assets	\$ 576,557
Adjustments to reconcile change in net assets to net cash	
provided by (used) in operating activities:	
Bad debt expenses	12,996
Depreciation expenses	1,172
Operating lease, right-of-use assets	(621,107)
(Increase) decrease in assets:	
Accounts receivable	7,061
Grants receivable	(594,640)
Contributions receivable	4,109
Prepaid expenses	32,415
Deposits	(18,500)
Increase (decrease) in liabilities:	
Accounts payable	20,077
Accrued compensation	(32,868)
Refundable advance	(6,718)
Operating lease liabilities	<u>630,689</u>
Net cash provided/(used) in operating activities	11,243
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investment	<u>(189,754)</u>
Net cash provided/(used) in investing activities	<u>(189,754)</u>
Net change in cash and cash equivalents	(178,511)
Cash and cash equivalents, beginning of year:	
Without donor restrictions	228,526
With donor restrictions	<u>53,296</u>
Total cash and cash equivalents, beginning of year	281,822
Cash and cash equivalents, end of year:	
Without donor restrictions	31,032
With donor restrictions	<u>72,279</u>
Total cash and cash equivalents, end of year	<u>\$ 103,311</u>

See independent auditor's report and accompanying notes to financial statements.

SURVIVORS OF TORTURE, INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Nature of Activities

SURVIVORS OF TORTURE, INTERNATIONAL (the Organization) is a not-for-profit organization incorporated on February 27, 1997, under the laws of the State of California. The Organization's missions include facilitating the healing of torture survivors and their families, educating professionals and the public about torture and its consequences, and advocating for the abolition of torture.

Note 2. Program Services

The Organization is dedicated to caring for survivors of torture and their families who live in San Diego County, helping them recover from their traumas through the support of dedicated professionals and community supporters, including mental health, psychiatry, social services, and medical case management. The Organization maintains a coordinated effort at the local, state, and national government levels to advocate on behalf of torture survivors and against the use of torture. The Organization contributes to the goal of ending the use of torture through advocacy and education.

Note 3. Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Adoption of New Accounting Pronouncement

The Organization adopted Accounting Standards Codification ("ASC") 842, "Leases" ("ASC 842") during the year ended September 30, 2023, using the modified retrospective transition method and used the effective date as the date of initial application. The Organization elected the "package of practical expedients," which permits not to reassess under ASC 842 prior conclusions about lease identification, lease classification and initial direct costs. The Organization made a policy election not to separate non-lease components from lease components, therefore, the Organization accounts for lease and non-lease components as a single lease component. The Organization elected the short-term lease recognition exemption for all leases that qualify.

The Organization determines if a contract contains a lease at inception of the arrangement based on whether there is the right to obtain substantially all of the economic benefits from the use of an identified asset and whether the Foundation have the right to direct the use of an identified asset in exchange for consideration. Right of use ("ROU") assets represents the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets are recognized as the lease liability, adjusted for lease incentives received. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is risk-free discount rate, which is determined using a period comparable with lease term, because the interest rate implicit in most of the leases is not readily determinable. Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the lease liability calculation.

Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred.

Note 3. Significant Accounting Policies (Continued)

Operating leases are included in operating lease ROU assets, operating lease liabilities, current and net of current, on the statement of financial position. Finance leases are included in finance lease ROU assets, finance lease liabilities, current and non-current, on the statement of financial position. For operating leases, lease expense is recognized on a straight-line basis in operations over the lease term. For finance leases, lease expense is recognized as amortization and interest; amortization on a straight-line basis over the lease term and interest using the effective interest method.

Net Assets

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. There were no board-designated net assets as of September 30, 2023.

Net Assets 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. There were no donor-imposed restrictions perpetual in nature as of September 30, 2023.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all cash accounts and highly liquid investment accounts, with a maturity of three months or less, to be cash equivalents.

Prepaid Expenses

Prepaid expenses are amortized over the period of future benefit.

Property, Equipment and Depreciation

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives of three to five years.

Note 3. Significant Accounting Policies (Continued)

Refundable Advances

Refundable advances represent advances received from grants prior to when they become unconditional promises.

Accounts Receivable

Accounts receivable consist primarily of amounts due for mental health therapy and consultation services. The receivables are stated at unpaid balance. The Organization uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific unpaid balance. The Organization charges off uncollectible accounts receivable when management determines amounts are not collectable. Management believes that all accounts receivable are fully collectible; therefore, no allowance for uncollectible accounts was recorded as of September 30, 2023.

Grants and Contributions Receivable

Grants receivable consist of unpaid reimbursement grants and unconditional grants. Contributions receivable consist of unconditional promises to give that are recognized as contributions when the promise is received. Grants and contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows.

The allowance for uncollectable grants and promises to give is determined based on prior years' experience and management's analysis of specific promises made. The Organization charges off uncollectible grants and contributions receivable when management determines amounts are not collectable. Management believes that all grants receivable are fully collectible; therefore, no allowance for uncollectible accounts was recorded as of September 30, 2023. The allowance for uncollectible contributions receivable was \$20,451 and the amount determined to be uncollectible was \$12,996 as of September 30, 2023.

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting. Cost reimbursable awards are recognized as revenue in the period in which the service is provided. Grants are recognized as revenue when unconditional and awarded in writing. The Organization's primary revenue sources are grants and awards from government agencies and foundations, and donations from individuals and corporations.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization 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. Consequently, at September 30, 2023, contributions approximating \$4,233,174 have not been recognized in the accompanying statement of activities because the condition on which they depend has not yet been met. The total conditional contribution is contingent upon appropriate use of funds.

A portion of the Organization's revenue is derived from cost-reimbursable government contracts, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Note 3. Significant Accounting Policies (Continued)

Contributions In-kind

Donated goods are recorded at their estimated fair market value on the day of donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their market value at the time the services are rendered. Donated services that do not meet the criteria for recognition, but which are, nonetheless, central to the Organization's operations are not reflected in the financial statements.

Expense Allocations by Functions

The costs of providing various programs and other activities are summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the management estimate. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its programs, rents are allocated based on staff hours devoted to each program or function. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services, are allocated based on the management's best estimate.

The expenses that are allocated include the following:

Expense	Method of Allocation
Payroll related expenses	Time and effort
Medical director services	Time and effort
Psychological services	Time and effort
Translation services	Time and effort
Occupancy	Function and usage

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for an asset or a liability at the measurement date.

Note 3. Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts and pledges receivable, prepaid expenses, accounts and grants payable and accrued compensation, deferred revenue and refundable advances approximate fair value because of the short maturity of these instruments.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is not classified as a private foundation and is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and related State Code. The Organization is considered a publicly supported organization. The Financial Accounting Standards Boards prescribes a recognition threshold and a measurement attribute for financial statement recognition of tax positions taken or expected to be taken on a tax return. Management has evaluated its uncertain tax positions and related income tax contingencies and does not believe any material uncertain tax positions exist.

Advertising Expenses

Non-direct-response advertising costs are expensed when the advertising first occurs. There was no advertising expenses for the year ended September 30, 2023.

Note 4. Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 103,311
Accounts receivable	2,499
Grants receivable	800,081
Contributions receivable, current	101,797
Investments	650,768
Less: net assets with donor restrictions	<u>(424,076)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,234,380</u>

\$1,234,380 of financial assets are available to cover the Organization's liquidity needs within one year. The Organization has a goal to maintain sufficient financial assets on hand, which consists of cash, receivables and investments, to meet the total of next fiscal year's projected management and fundraising expenses, which are expected to be approximately \$447,854 (per the actual supportive expenses for the year ended September 30, 2023). The Organization's program activity is funded by expense reimbursement contracts, primarily.

Based on projected estimate, the Organization has sufficient liquid assets to cover its current liabilities.

Note 5. Commitments and Contingencies

The Organization receives various support and revenue that are subject to compliance with the requirements and regulations of these grantors. The management believes that it has substantially complied with these requirements and regulations.

The Organization is especially vulnerable to the inherent risks associated with revenue that is substantially dependent on government funding, public support, and contributions. Its continued growth and well-being are contingent upon successful achievement of its long-term revenue-raising goals.

Note 6. Concentration of Credit Risk

FASB ASC 825 requires disclosure of significant concentrations of credit risk arising from all financial instruments. Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits and receivables.

At times, a portion of the cash balances may not be insured by (FDIC). The FDIC insures cash balances held in banks up to \$250,000 for each bank. The potential concentration of credit risk pertaining to cash balances will vary throughout the year depending upon the level of cash deposits versus amounts insured. As of September 30, 2023, deposits in amount of \$882 were not FDIC insured.

For the year ended September 30, 2023, approximately 20% of total revenue and support came from Department of Health and Human Services.

Note 7. Accounts Receivable

Accounts receivable as of September 30, 2023 totaled \$2,499 were collectible within one year.

Note 8. Contributions Receivable

Contributions receivable consist of unconditional promises to give were made for one year and up to ten years terms. For financial statement purposes, contributions receivable with due dates in excess of one year are discounted at 3% rate. At September 30, 2023, contributions receivable are estimated to be collected as follows:

For the year ending September 30,

2024	\$	101,797
2025		91,873
2026		79,346
2027		65,867
2028		45,345
Over 5 years		<u>23,327</u>
Total		407,555
Less present value discount		(21,700)
Less allowance for uncollectible		<u>(20,451)</u>
Net pledges receivable	\$	<u>365,404</u>

Note 9. Grants Receivable

As of September 30, 2023, approximately 29% of total grants receivable are due from California Governor's Office of Emergency Services (CalOES), and 30% due from The Conrad Prebys Foundation. At September 30, 2023, grants receivable are as follows:

Grants	Amount
CalOES	\$ 235,627
County of San Diego	150,478
ESAVN	11,760
RAMHI GRANT	152,216
The Conrad Prebys Foundation	<u>250,000</u>
Total grants receivable	<u>800,081</u>

Note 10. Investments

Fair values of investments measured on a recurring basis at September 30, 2023 are as follows:

	Fair value	(Level 1)	Level (3)
Mutual Fund	\$ 165,018	\$ 165,018	\$ -
Cash and cash equivalents	35,837	35,837	-
Equity securities	1,740	1,740	-
Certificate of deposits	298,278	298,278	-
US treasury bills	148,200	148,200	-
Bruce M. Abrams GLBT Torture Survivors Fund	<u>1,695</u>	-	<u>1,695</u>
Total	<u>\$ 650,768</u>	<u>\$ 649,073</u>	<u>\$ 1,695</u>

Investment return (loss) is reported net of related expenses, as follows:

Interest and dividend income	\$ 14,706
Total investment return	<u>14,706</u>

Note 11. Property and Equipment

Property and equipment and related accumulated depreciation and depreciation expense for the year ended September 30, 2023 are as follows:

Computers and equipment	\$ 5,860
Accumulated Depreciation	<u>(4,688)</u>
Net property and equipment	<u>1,172</u>

Depreciation expense for the year ended September 30, 2023 was \$1,172.

Note 12. Leases

The Organization leases its office in San Diego, California, under a five-year operating lease expiring on May 31, 2027. In addition, the Organization is leasing a copier under a three-year operating lease, expiring in October 2024.

The above lease agreements do not contain any residual value guarantees or restrictive covenants.

The Organization's right-of-use (ROU) assets and lease liabilities consists of:

Operating lease, right-of-use assets \$ 621,107

Operating lease liabilities, current \$ 504,490

Operating lease liabilities, noncurrent 126,199

Total operating lease liabilities \$ 630,689

Weighted average remaining lease term 4 years

Weighted average discount rate 3.90%

Total lease expenses for the year ended September 30, 2023 was \$185,588.

The maturity of lease liabilities is as follows:

For the years ending September 30,

2024 \$ 180,008

2025 182,757

2026 187,996

2027 127,816

Total undiscounted lease payments 678,577

Less amount representing interest (47,888)

Total lease liabilities \$ 630,689

Note 13. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose for the year ended September 30, 2023:

<u>Restricted purpose</u>	<u>09/30/2022</u>	<u>Additions</u>	<u>Releases</u>	<u>09/30/2023</u>
Assistance to Victims of Torture	\$ 3,019	\$ 20,065	\$ (14,334)	\$ 8,750
Education/Job readiness	2,242	650	(650)	2,242
Refugee Child and Family Mental Health Therapy	22,552	-	(22,327)	225
Medical Wing Expansion	19,542	-	(15,867)	3,675
Mental Health Therapy	5,941	-	(5,941)	-
Time restricted	<u>357,508</u>	<u>611,045</u>	<u>(295,762)</u>	<u>672,791</u>
Total	<u><u>\$ 410,804</u></u>	<u><u>\$ 631,760</u></u>	<u><u>\$ (354,881)</u></u>	<u><u>\$ 687,683</u></u>

Note 14. Refundable Advance

As of September 30, 2023, the balance of refundable advance is as follows:

Refundable advance, beginning of year	\$	14,389
Increase in refundable advance during the year		56,000
Revenue recognized during the year		<u>(62,718)</u>
Refundable advance, end of year	\$	<u>7,671</u>

Note 15. Retirement Plan

The Organization sponsors a simplified employee pension plan covering substantially all of its employees. The employer contributes 2.5% of gross salaries to the plan for qualified employees. Total expense for the year ended September 30, 2023 was \$26,347.

Note 16. Donated Services and Other In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the foundation.

During the year ended September 30, 2023, the Organization received donated services from unpaid volunteers who assisted in administrative and program related services that do not satisfy the criteria for recognition under FASB ASC 958-605-25-16. There are 18 volunteers who provided administrative and program services for about 527 hours for the year ended September 30, 2023.

Donated professional services and donated goods for the year end September 30, 2023 that are recorded in the statement of activities are as follows:

Psychological evaluation	\$	4,500
Medical evaluation		69,024
Other professional services		17,053
Donated goods		2,327
Donated rent		<u>180</u>
Total	\$	<u>93,084</u>

Donated services are valued at fair market value per hour. Psychological evaluation totaling \$4,500 is valued at \$400 to \$500 per hour and medical evaluation totaling \$69,024 is valued at \$360 per hour. Other professional services totaling \$17,053 consist of group therapy valued at \$60 to \$100 per hour, medication monitoring valued at \$60 per hour and clinical services from MSW interns valued at \$20 per hour.

Donated goods totaling \$2,327 consist of donated clothing and groceries, valued at their respective fair market value at the time of donation.

The donated rent totaling \$180 represents free use of community church facility, valued at \$15 per hour.

Note 17. Employee Retention Credit

Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Congregation's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Congregation. During the year ended September 30, 2023, the Organization applied to receive \$242,351 under ERC. The amount is recorded as government grant revenue for the year ended September 30, 2023 because all barriers have been met.

Note 18. Special Event

The Organization held one special event called Helping Survivors Heal on September 14, 2023. The income and expenses for the event are as follows:

Donations	\$ <u>159,942</u>
Gross Revenue	159,942
Rent	3,988
Food and beverages	14,543
Entertainment	4,950
Other event expenses	<u>596</u>
Total event expenses	<u>24,077</u>
Net income	\$ <u>135,865</u>

Note 19. Subsequent Events

In accordance with ASC 855, Subsequent Events topic, the Organization evaluated subsequent events for recognition and disclosure through May 24, 2024, the date these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since September 30, 2023 that required recognition or disclosure in such financial statements.

SUPPLEMENTARY INFORMATION

SURVIVORS OF TORTURE, INTERNATIONAL

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency	Passed Through to Subrecipient	Total Federal Expenditures
<u>United States Department of Justice</u>				
Crime Victim Assistance				
<i>Pass-through award</i>				
CALOES KI21 04 1238	16.575	California Governor's Office of Emergency Services	\$ -	\$ 22,443
CALOES KI22 05 1238	16.575	California Governor's Office of Emergency Services	-	165,619
CALOES UV22 01 1238	16.575	California Governor's Office of Emergency Services	-	137,312
Total Crime Victim Assistance			-	325,374
Total United States Department of Justice			-	325,374
<u>United States Department of Health and Human Services</u>				
Refugee and Entrant Assistance State/Replacement Designee Administered Programs				
<i>Pass-through award</i>				
RAMHI 04707-AR64252	93.566	The Public Health Institute	-	193,530
Total Refugee and Entrant Assistance State/ Replacement Designee Administered Programs			-	193,530
Assistance for Torture Victims *				
<i>Direct award</i>				
Office of Refugee Resettlement	93.604		-	617,500
Total Assistance for Torture Victims			-	617,500

The Accompanying Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of this Schedule.

SURVIVORS OF TORTURE, INTERNATIONAL

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency	Passed Through to Subrecipient	Total Federal Expenditures
Total United States Department of Health and Human Services				<u>-</u> <u>811,030</u>
Total Federal Awards			\$ <u> </u> <u>-</u> <u> </u>	\$ <u>1,136,404</u>

** Tested as a major program*

The Accompanying Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of this Schedule.

SURVIVORS OF TORTURE, INTERNATIONAL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of SURVIVORS OF TORTURE, INTERNATIONAL under programs of the federal government for the year ended September 30, 2023 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule of expenditures of federal awards presents only a selected portion of the operations of SURVIVORS OF TORTURE, INTERNATIONAL it is not intended to and does not present the financial position, change in net assets or cash flows of SURVIVORS OF TORTURE, INTERNATIONAL.

Note 2. Summary of Significant Accounting Policies

The amounts shown as current year expenses are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniformed Guidance, where certain types of expenses are not allowed or are limited as to reimbursement.

Note 3. Indirect Cost Rate

SURVIVORS OF TORTURE, INTERNATIONAL has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER AUDITOR'S REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
SURVIVORS OF TORTURE, INTERNATIONAL

We have audited, 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, the financial statements of SURVIVORS OF TORTURE, INTERNATIONAL, which comprise the statement of financial position as of September 30, 2023, and related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SURVIVORS OF TORTURE, INTERNATIONAL's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SURVIVORS OF TORTURE, INTERNATIONAL's internal control. Accordingly, we do not express an opinion on the effectiveness of SURVIVORS OF TORTURE, INTERNATIONAL's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002 and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SURVIVORS OF TORTURE, INTERNATIONAL's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

SURVIVORS OF TORTURE, INTERNATIONAL's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on SURVIVORS OF TORTURE, INTERNATIONAL's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. SURVIVORS OF TORTURE, INTERNATIONAL's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tryna Accountancy Corporation

Oakland, California

May 24, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
SURVIVORS OF TORTURE, INTERNATIONAL

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited SURVIVORS OF TORTURE, INTERNATIONAL's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of SURVIVORS OF TORTURE, INTERNATIONAL's major federal programs for the year ended September 30, 2023. SURVIVORS OF TORTURE, INTERNATIONAL's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SURVIVORS OF TORTURE, INTERNATIONAL complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SURVIVORS OF TORTURE, INTERNATIONAL and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of SURVIVORS OF TORTURE, INTERNATIONAL's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to SURVIVORS OF TORTURE, INTERNATIONAL's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SURVIVORS OF TORTURE, INTERNATIONAL's compliance based on our audit. 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

material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SURVIVORS OF TORTURE, INTERNATIONAL's compliance with the requirements of each major federal program as a whole.

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 noncompliance, 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 SURVIVORS OF TORTURE, INTERNATIONAL's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SURVIVORS OF TORTURE, INTERNATIONAL's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SURVIVORS OF TORTURE, INTERNATIONAL's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on SURVIVORS OF TORTURE, INTERNATIONAL's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. SURVIVORS OF TORTURE, INTERNATIONAL's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Tryna Accountancy Corporation

Oakland, California

May 24, 2024

FINDINGS AND RECOMMENDATIONS

SURVIVORS OF TORTURE, INTERNATIONAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023

SECTION I—SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified that are
not considered to be material weakness(es)? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant Deficiencies identified that are
not considered to be material weakness(es)? Yes None reported

Type of auditors' report issued on compliance

for major programs: Unmodified

Any audit findings disclosed that are required

to be reported in accordance with

Uniformed Guidance? Yes X No

Identification of Major Programs

Federal Assistance Listing Number

93.604

Name of Federal Program or Cluster

Assistance for Torture Victims

Dollar threshold used to distinguish

between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

SURVIVORS OF TORTURE, INTERNATIONAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023

SECTION II—FINANCIAL STATEMENT FINDINGS

Finding: 2023-001

Material Weakness:

Inadequate Financial Closing and Reporting Process

Criteria: Management and those charged with governance are responsible 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.

Condition: During our audit, we noticed that the Organization was not able to implement adequate internal controls over the financial statement closing and reporting process to allow for timely preparation and review of year-end reconciliations and schedules.

Cause: Existing internal controls over financial reporting were not adequately designed or implemented.

Effect: Numerous adjustments or changes to recorded transactions were required to correct identified misstatements during the audit.

Recommendation: We recommend management evaluate the design of internal controls over financial closing and reporting process to ensure adequate closing procedures, including implementation of a detailed monthly close checklist to include review of key account reconciliations, journal entries, and non-routine transactions at the appropriate level in a timely manner.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Please refer to the corrective action plan on page 35.

Finding: 2023-002

Material Weakness:

Inadequate of Internal Control Over Revenue Recognition

Criteria: Management and those charged with governance are responsible for the design, implementation, and maintenance of internal control relevant to the recognition of revenue and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Condition: During our audit, we noticed that revenue was not recognized in accordance with U.S. GAAP. We identified instances in which a) conditional grants were not recorded as conditions were met, b) multi-year unconditional grants were not fully recorded when grants were awarded. These misstatements result in a material understatement of revenue totaling \$273,150.

Cause: Lack of understanding of revenue recognition under U.S. GAAP and inadequate design and implementation of internal control over revenue recognition.

Effect: Multiple revisions to the client prepared schedule of expenditures of federal awards and numerous adjustments to correct misstatements in revenue identified during the audit.

SURVIVORS OF TORTURE, INTERNATIONAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 2023

SECTION II—FINANCIAL STATEMENT FINDINGS

Recommendation: We recommend management re-evaluate the Organization's revenue recognition process, including review of multi-year grants and grant contract billings, to ensure an appropriate allocation of grant expenditures and that adequate reconciliation of monthly revenue occurs in a timely manner.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Please refer to the corrective action plan on page 35.

Finding: 2023-003

Material Weakness:

Implementation of Lease Standard ASC 842

Criteria: Management and those charged with governance are responsible for the design, implementation, and maintenance of internal control relevant to the implementation of applicable accounting standard and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Condition: During our audit, we noticed that the Organization did not implement lease standard ASC 842, resulting in an understatement of assets by \$621,107, liabilities by \$630,689 and expenses by \$9,582.

Cause: Lack of understanding of newly issued accounting standards and lack of internal control over implementation of new accounting standards.

Effect: Adjustments were required to correct understatement of the related assets, liabilities, and expenses.

Recommendation: We recommend management to develop and implement internal control processes to keep updated with new accounting standards and ensure that the related accounting staff obtained necessary education or training on any new accounting standards that applicable to the Organization.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Please refer to the corrective action plan on page 35.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding: 2023-004

Significant Deficiency:

Inadequate Internal Control over the Schedule of Expenditures of Federal Awards (SEFA)

Criteria: Management and those charged with governance are responsible for the design, implementation, and maintenance of internal control relevant to the accuracy and completeness of federal expenditures and present schedule of expenditures of federal expenditures as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Condition: During our audit, we noticed that the Organization's federal expenditures were not correctly allocated. We identified instances where: a) several direct program expenditures were not allocated to the federal program in the month they were incurred, b) September 2023 indirect costs were not included for one program, and c) reimbursable federal awards were not recorded as conditions were met. These misstatements resulted in a significant understatement of expenditures reported in the SEFA.

SURVIVORS OF TORTURE, INTERNATIONAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Cause: Inadequate internal control procedures fail to ensure the accurate and timely allocation of federal expenditures to the appropriate programs. Insufficient training or awareness of federal award regulations and compliance requirements results in the misapplication of allocation rules. Ineffective oversight of SEFA preparation processes allows misstatements in expense allocation to go undetected until identified during the audit process.

Effect: Multiple revisions to the client-prepared SEFA and numerous adjustments were required to correct misstatements in revenue resulting from the discrepancies in the client-prepared SEFA.

Recommendation: We recommend management to a) strengthen the design and implementation of internal control procedures to ensure accurate and timely allocation of federal expenditures, b) provide comprehensive training to staff involved in SEFA preparation to improve awareness and understanding of federal award regulations and compliance requirements, and c) implement effective monitoring and oversight procedures to regularly review SEFA preparation process and identify and correct errors or discrepancies promptly.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Please refer to the corrective action plan on page 35.

Finding: 2023-005

Department: United States Department of Health and Human Services

Program Name: Assistance for Torture Victims

Federal Assistance Listing Number: 93.604

Significant Deficiency:

Inadequate Internal Control over Allowable Costs

Criteria: Management and those charged with governance are responsible for the design, implementation, and maintenance of internal control to accurately report allowable cost and maintain adequate documentations for transparency and accountability.

Condition: During our testing of allowable costs, we found eight deviations, including: a) four deviations due to incorrect allocation of personnel and related expenses, b) one deviation involving unallowable costs, where the audit fee for the audit of the financial statements ended September 30, 2022, was charged to the program, c) one deviation due to expenses incurred outside the performance period charged to the program, d) two deviations due to miscalculations, and e) four of the eight deviations do not have calculations kept in the file to support the allocation.

Cause: Inadequate internal control procedures lead to errors in allocation and classification of expenses. Insufficient training or awareness of federal award regulations and compliance requirements results in misapplication of allocation rules, charging the expense outside the performance period or misclassifying cost as allowable. Ineffective oversight processes allow misstatements in expenses allocation to go undetected until identified during the audit process.

Effect: Incorrect amount of expenses was charged to the program.

SURVIVORS OF TORTURE, INTERNATIONAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Questioned Costs: Total questioned costs were \$6,869, consisting of a) \$2,830 due to incorrect allocation of personnel and related expenses, b) \$4,000 unallowable costs, c) \$26 were incurred outside the performance period charged to the program, and d) \$13 were due to miscalculations.

Recommendation: We recommend management to a) strengthen the design and implementation of internal control procedures to ensure accurate allocation and classification of expenses, b) provide comprehensive training to staff involved in the expense allocation process to improve awareness and understanding of federal award regulations and compliance requirements, and c) implement effective oversight processes to monitor expense allocation and promptly detect and correct misstatements.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Please refer to the corrective action plan on page 36.

SECTION IV—STATE AWARD FINDINGS AND QUESTIONED COSTS

No findings.

SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reported.



SURVIVORS OF TORTURE, INTERNATIONAL

CORRECTIVE ACTION PLAN SEPTEMBER 30, 2023

SECTION II—FINANCIAL STATEMENT FINDINGS

Finding: 2023-001

Name of Contact Person: Heather Rayback, Finance Manager

Corrective Actions: Management will be evaluating and implementing additional and enhanced internal control processes for financial transactions and reporting. A closing checklist will be utilized monthly, key accounts will be reconciled monthly, all journal entries will be reviewed and approved, and non-recurring transactions will receive additional analysis for proper GAAP treatment.

Proposed Completion Date: 31 August 2024

Finding: 2023-002

Name of Contact Person: Heather Rayback, Finance Manager

Corrective Actions: Management will document and ensure its revenue recognition policies and procedures are in compliance with GAAP. Management will attend training courses and acquire materials as needed to ensure standards are implemented accordingly. Revenue Recognition will be a key component of the checklist and reconciliation process noted in our Corrective Actions for Finding 2023-001.

Proposed Completion Date: 31 August 2024

Finding: 2023-003

Name of Contact Person: Heather Rayback, Finance Manager

Corrective Actions: Management will document its lease policy and implement ASC 842. Entries will be generated to ensure proper GAAP treatment.

Proposed Completion Date: 31 August 2024

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding: 2023-004

Name of Contact Person: Heather Rayback, Finance Manager

Corrective Actions: As stated in finding 2023-001, management will implement internal control procedures to ensure accurate allocations of federal expenditures. Management will enroll in training for SEFA preparation to better grasp federal award regulations and compliance.

Proposed Completion Date: 31 August 2024

Finding: 2023-005

Name of Contact Person: Heather Rayback, Finance Manager

Corrective Actions: Management will be evaluating and implementing additional and enhanced internal control procedures for financial transactions and reporting. This will include ensuring accurate allocations of federal expenditures. Management will enroll in training and acquire materials to increase its understanding and grasp of federal award regulations and compliance.

Proposed Completion Date: 31 August 2024



Etleva Bejko, ED

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