



Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

Survivors of Torture, International Audited Financial Statements Year Ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Survivors of Torture, International

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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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.

**Survivors of Torture, International
Independent Auditors Report**

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Survivors of Torture, International as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited Survivors of Torture, International's September 2019 financial statements, and our report dated December 30, 2019 expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

January 27, 2021

Sonnenberg & Company, CPAs

SURVIVORS OF TORTURE, INTERNATIONAL
Statement of Financial Position
September 30, 2020
(With Comparative Information for September 30, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash	\$ 298,727	\$ 158,844
Investments	461,384	308,272
Accounts Receivable	-	30,942
Grants Receivable	139,909	210,654
Contributions Receivable, Net	317,487	344,989
Refundable Deposits and Prepaid Expenses	55,301	54,236
Property and Equipment	15,657	20,852
Less: Accumulated Depreciation	<u>(10,969)</u>	<u>(20,852)</u>
TOTAL ASSETS	\$ <u>1,277,496</u>	\$ <u>1,107,937</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 45,200	\$ 101,831
Payroll Liabilities	34,321	30,848
Paycheck Protection Program Forgivable Loan	<u>21,081</u>	<u>-</u>
TOTAL LIABILITIES	<u>100,602</u>	<u>132,679</u>
NET ASSETS		
Without Donor Restrictions	891,133	626,610
With Donor Restrictions	<u>285,761</u>	<u>348,648</u>
TOTAL NET ASSETS	<u>1,176,894</u>	<u>975,258</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,277,496</u>	\$ <u>1,107,937</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SURVIVORS OF TORTURE, INTERNATIONAL
Statement of Activities
For the Year Ended September 30, 2020
(With Comparative Information for the Year Ended September 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
SUPPORT AND REVENUE				
Grants and Contracts	\$ 1,123,595	\$ 35,302	\$ 1,158,897	\$ 1,196,024
Contributions	415,239	47,040	462,279	246,390
Payroll Protection Program Grant	153,594		153,594	-
Donated Goods and Services	79,005		79,005	115,406
Interest	4,050	23	4,073	5,844
Other Operating Revenue	2,525		2,525	-
Net Assets Released from Restrictions:				
Satisfaction of Donor Restrictions	145,252	(145,252)	-	-
Total Support and Revenue	<u>1,923,260</u>	<u>(62,887)</u>	<u>1,860,373</u>	<u>1,563,664</u>
EXPENSES				
Program Services	1,432,349		1,432,349	1,225,206
Supporting Services				
Management and General	160,418		160,418	129,200
Fundraising	65,970		65,970	67,407
Total Supporting Services	<u>226,388</u>	<u>-</u>	<u>226,388</u>	<u>196,607</u>
Total Expenses	<u>1,658,737</u>	<u>-</u>	<u>1,658,737</u>	<u>1,421,813</u>
CHANGE IN NET ASSETS	\$ 264,523	\$ (62,887)	\$ 201,636	\$ 141,851
Net Assets at the Beginning of the Year	<u>626,610</u>	<u>348,648</u>	<u>975,258</u>	<u>833,407</u>
Net Assets at the End of the Year	<u>\$ 891,133</u>	<u>\$ 285,761</u>	<u>\$ 1,176,894</u>	<u>\$ 975,258</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Statement of Functional Expenses
For the Year Ended September 30, 2020

(With Summarized Comparative Information for the Year Ended September 30, 2019)

EXPENSES:	Program Services	Management & General	Fundraising	2020 Total	2019 Total
Personnel and Related					
Salaries	\$ 719,560	\$ 81,768	\$ 16,354	\$ 817,682	\$ 630,704
Payroll Taxes	55,570	6,315	1,263	63,148	50,907
Employee Benefits	42,175	4,792	958	47,925	58,079
Total Personnel and Related	817,305	92,875	18,575	928,755	739,690
Non-Personnel					
Admin Fees- Bank/Payroll/P.O.Box	2,464	3,697		6,161	5,858
Advertising/Public Relations	410			410	1,823
Basic Needs/Shelter/Clothing/Food	12,874			12,874	4,742
Contract Services	4,194	14,680	2,097	20,971	19,226
Computer Hardware/Software	15,781	1,973	1,972	19,726	21,512
Client Transportation	9,382			9,382	7,841
Dues and Subscriptions		4,280		4,280	2,920
Equipment	8,959	1,339		10,298	18,380
Individual and Group Psychotherapy	59,867			59,867	47,378
Information Technology	25,132	3,141	3,142	31,415	24,250
Insurance	9,980	1,491		11,471	9,041
Interpreter Services	113,616			113,616	91,845
Medical Services/Pharmaceuticals	41,629			41,629	37,467
Meetings/Board of Directors	561	187		748	751
Mileage and Parking	3,244			3,244	4,736
Office Maintenance	3,924	490	490	4,904	3,463
Psych/Med Evaluations/Affidavits	34,800			34,800	50,800
Printing	4,122	242	485	4,849	6,812
Psychiatric Services	21,850			21,850	25,626
Postage/Shipping	2,167	127	255	2,549	3,255
Remote Work Stipend		4,182		4,182	-
Rent	110,508	13,814	13,812	138,134	93,591
Resource Materials/Consumables	1,631	181		1,812	1,510
Special Event			6,960	6,960	23,361
Supplies & Furniture	3,543	394		3,937	4,154
Third Party Client Assistance	3,530			3,530	1,051
Trainings/Conferences	12,094	12,096	2,688	26,878	26,262
Travel-Out of Town	3,146	3,146	699	6,991	6,385
Telephone/Fax/Internet	8,162	1,020	1,020	10,202	7,510
Use Tax	1,333	148		1,481	-
Utilities	7,318	915	915	9,148	7,933
Total Non-Personnel	526,221	67,543	34,535	628,299	559,483
Non-Operating Expenses					
Depreciation	1,172			1,172	-
Bad Debt for Contributions Receivable			12,860	12,860	7,234
Bad Debt for Accounts Receivable	8,646			8,646	-
Donated Goods and Services	79,005			79,005	115,406
Total Non-Operating Expenses	88,823	-	12,860	101,683	122,640
TOTAL EXPENSES	\$ 1,432,349	\$ 160,418	\$ 65,970	\$ 1,658,737	\$ 1,421,813

The Accompanying Notes Are an Integral Part of the Financial Statements

SURVIVORS OF TORTURE, INTERNATIONAL
Statement of Cash Flows
For the Year Ended September 30, 2020
(With Comparative Information for the Year Ended September 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
CHANGE IN NET ASSETS	\$ 201,636	\$ 141,851
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Bad Debt for Contributions Receivable	12,860	7,234
Bad Debt for Accounts Receivable	8,646	-
Amortization of Discount on Contributions Receivable	(6,224)	(5,052)
Depreciation	1,172	-
Donated Stocks	(11,134)	(26,576)
Proceeds from Sale of Donated Stocks	12,095	38,530
(Increase) / Decrease in:		
Accounts Receivable	30,942	(30,942)
Grants Receivable	70,745	(43,412)
Contributions Receivable, Net	12,220	(10,302)
Refundable Deposits and Prepaid Expenses	(1,065)	(44,366)
Increase / (Decrease) in:		
Accounts Payable	(56,631)	75,398
Accrued Liabilities	3,473	(17,856)
Net Cash Provided by Operating Activities	<u>299,816</u>	<u>84,507</u>
Cash Flows from Investing Activities:		
Sale of Investments	-	1,256
Purchase of Investments	(150,000)	-
Reinvestment of Interest	(4,073)	(5,844)
Purchase of Property and Equipment	(5,860)	-
Net Cash Used by Investing Activities	<u>(159,933)</u>	<u>(4,588)</u>
Net Increase in Cash	139,883	79,919
Cash, Beginning of Year	<u>158,844</u>	<u>78,925</u>
Cash, End of Year	<u>\$ 298,727</u>	<u>\$ 158,844</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SURVIVORS OF TORTURE, INTERNATIONAL
Notes to Financial Statements
Year Ended September 30, 2020

Note 1. Organization and Mission

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. Survivors of Torture, International:

- Facilitates the healing of torture survivors and their families;
- Educates professionals and the public about torture and its consequences;
- Advocates for the abolition of torture.

The Organization is dedicated to caring for survivors of politically motivated torture and their families who live in San Diego County by helping to recover from their traumas through a holistic program including medical, dental, psychiatric, psychological, and social services and legal support. 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. Through advocacy and education the Organization contributes to the goal of ending the use of torture.

These services are funded through a combination of Federal grants, State grants, County of San Diego contracts, and private grants and donations.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are presented on the accrual basis, in accordance with U.S. generally accepted accounting principles and reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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 that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increase in net assets without donor restrictions 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 increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Organization had net assets with donor restrictions of \$285,761 at September 30, 2020.

SURVIVORS OF TORTURE, INTERNATIONAL
Notes to Financial Statements
Year Ended September 30, 2020

Note 2. Summary of Significant Accounting Policies (continued):

Change in Accounting Principle

During the year ended September 30, 2020, the Organization adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 605) and ASU No. 2014-09 Revenue from Contracts with Customers (Topic 606). Analysis of various provisions of these updates resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Income Taxes

The Organization is exempt from Federal and State income taxes under the Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Organization has reviewed its tax positions for all open tax years and believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal and state Exempt Organization Tax Returns are subject to examination, generally for three years after they were filed.

Cash and Cash Equivalents

Cash equivalents consist primarily of certificates of deposit with original maturities of 90 days or less. The Organization had no cash equivalents at September 30, 2020.

Accounts Receivable

Accounts receivable consists primarily of noninterest-bearing amounts due for mental health therapy provided to students and training programs. Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Accounts receivables are written off when deemed uncollectible.

Contributions Receivable

Contributions receivable in future years have an implied restriction to be used in the year the payment is received and, therefore, are reported as net assets with donor restrictions until the payment is due. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Use of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

SURVIVORS OF TORTURE, INTERNATIONAL
Notes to Financial Statements
Year Ended September 30, 2020

Note 2. Summary of Significant Accounting Policies (continued):

Revenue Recognition

Revenue is recognized when earned. Revenue from government cost reimbursement type grants are generally recorded when the costs are billed to the granting agency. Contract advances are recorded as revenue when the related costs are expended.

Contributions are recognized when cash or other assets, or an unconditional promise to give, is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Unearned Revenue and Contract Advances

The Organization occasionally receives payments prior to performing services under contract agreements. These amounts are recorded as unearned revenue or contract advance liabilities until earned.

Property and Equipment

Property and equipment purchased with Organization funds are capitalized at cost. Donated equipment is recorded at estimated fair value. The Organization's policy is to capitalize acquisitions valued greater than \$5,000. Depreciation is provided over the estimated useful lives or over the term of the respective assets on a straight-line basis as follows:

Equipment	3-5 years
Furniture	7 years

Property and equipment purchased with County of San Diego grant funds are reimbursed at the time of purchase and expensed in accordance with funding guidelines.

Functional Allocation of Expenses

The costs of providing various services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Directly identifiable expenses are charged to programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail and disclosures to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2019, from which the summarized information was derived. Some items have been reclassified for purposes of overall comparability and consistency of presentation.

SURVIVORS OF TORTURE, INTERNATIONAL
Notes to Financial Statements
Year Ended September 30, 2020

Note 2. Summary of Significant Accounting Policies (continued):

Donated Goods and Services

The estimated fair value of donated goods and services is recorded in the financial statements. The donated goods are recorded at fair value. Donated services are recognized in the financial statements when the contributed services received create or enhance non-financial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Investments

Investments in equity securities are classified as held for trading purposes and are carried at fair value. Investment earnings are recorded net of custodial fees and investment advisory fees, if any.

Fair Value Measurements

The Organization defines fair value 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 fair value hierarchy is established that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly such as quoted prices in similar assets or liabilities in active markets or inactive markets, or inputs other than quoted prices that are observable for the assets or liability.

Level 3: Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining that fair value assigned to such assets or liabilities.

The valuation of the Organization's investments according to the fair value hierarchy is Level 1.

Accrued vacation

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. Accrued sick leave is not recorded as a liability but is recorded as an operating expense in the period taken since such benefits do not vest nor can the probability of payment be reasonably estimated. Accrued vacation liability is \$34,284 as of September 30, 2020.

SURVIVORS OF TORTURE, INTERNATIONAL
Notes to Financial Statements
Year Ended September 30, 2020

Note 3. Contingencies and Concentrations

As of September 30, 2020, the Organization's cash balances are fully insured by the Federal Deposit Insurance Corporation.

Approximately 20% of the Organization's revenue is derived from a grant from the Department of Health and Human Services, Office of Refugee Resettlement (ORR), 17% through a grant from the County of San Diego, and 6% from the California Governor's Office of Emergency Services (CalOES), and 11% from an individual donor. Of the Organization's outstanding grants receivable balance at September 30, 2020, 24% was due from the County of San Diego, 23% was due from ORR, and 12% was due from the CalOES.

Failure to fulfill the conditions in contracts and other grants could result in the return of funds to the grantor agencies. There can be no assurance that the Organization will be able to obtain future grant agreements as deemed necessary by management. The loss of some of the current grants or the inability to obtain future grants could have an adverse effect on the Organization's financial position and results of activities. Management believes that they will be able to continue obtaining appropriate agreements to fund future operations based on their historical ability to obtain new grant agreements and based on their relationships with awarding agencies.

Note 4. Grants Receivable

At September 30, 2020, grants receivable are as follows:

County of San Diego	\$ 50,091
CalOES	24,654
ORR	49,862
The Office of the United Nations High Commissioner for Refugees	<u>15,302</u>
Total	<u>\$ 139,909</u>

Grants receivable are fully collectible.

Note 5. Investments

Investments are carried at fair value based on quoted prices in active markets (all level 1 measurements). Interest income is recorded net of related expenses, including custodial fees and investment advisory fees. Cash and short-term highly liquid money market deposits that are not used for operations are treated as investments due to their nature as long-term investments. The investments in money market funds are subject to market risk and are not insured. The investments in certificates of deposits are fully insured by the Federal Deposit Insurance Corporation. At September 30, 2020, a total of \$160,969 is invested in money market funds and \$300,415 in certificates of deposits.

SURVIVORS OF TORTURE, INTERNATIONAL
Notes to Financial Statements
Year Ended September 30, 2020

Note 6. Donated Goods and Services

The Organization recognized donated services revenue in the amount of \$70,580 for psychotherapy, medical, dental and other professional services related to the care of torture victims and their families during the year ended September 30, 2020. The Organization recognized donated goods in the amount of \$8,150 and donated use of facilities in the amount of \$275 during the year ended September 30, 2020.

Note 7. Contributions Receivable

The Organization held a virtual special event in September 2020. During this event several commitments were made from one year and up to five years. For financial statement presentation purposes, contributions due in more than one year are discounted at 1.5% rate.

Future contribution amounts are estimated to be collected as follows, less present value discount and allowance for uncollectible contributions:

Year Ending September 30,	Amount
2021	\$ 150,253
2022	70,819
2023	54,828
2024	36,481
2025	20,950
Over 5 years	6,650
	339,981
Less PV Discount	(8,685)
Less Allowance for Uncollectible	(13,809)
	<u>\$ 317,487</u>

Note 8. Retirement Plan

The Organization maintains a 403(b) tax deferred annuity plan. Employees may make contributions of up to the maximum amount allowed by the Internal Revenue Code. The Organization also maintains a Simplified Employee Pension (SEP IRA) plan to allow for employer contributions. The amount of annual contribution is determined on the availability of resources and allocated based on a percentage of salary. The maximum contribution is 15% of eligible salaries. All employer contributions are 100% vested. No employer contributions were made during the year ended September 30, 2020.

SURVIVORS OF TORTURE, INTERNATIONAL
Notes to Financial Statements
Year Ended September 30, 2020

Note 9. Operating Leases

The Organization leases its office facilities located in San Diego, California. In December 2018, the Organization renewed the lease agreement for four years beginning January 1, 2019 through December 31, 2022. The rent is adjusted each year to reflect the increase in the cost of living. During the year ended September 30, 2020, the Organization paid \$138,134 for the office space rent.

In June 2019, the Organization renewed an operating lease agreement for a copy machine. The agreement is for 36 months with monthly payments of \$233 plus taxes and insurance.

Future lease obligations as of September 30, 2020 are as follows:

Year Ending September 30,	Office	Copier
2021	\$ 141,939	\$ 2,800
2022	146,202	2,100
2023	36,819	
	<u>\$ 324,960</u>	<u>\$ 4,900</u>

Note 10. Net Assets With Donor Restrictions

As of September 30, 2020, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditures for specified purpose:

Assistance to Victims of Torture	\$ 29,600
Case Management	2,232

Subject to the passage of time:

Contributions receivable that are not restricted by donors,
but which are unavailable for expenditure until due

	253,929
Total \$	<u>285,761</u>

Net assets totaling \$145,252 were released from donor restrictions due to the satisfaction of purpose or by occurrence of the passage of time during the year ended September 30, 2020.

SURVIVORS OF TORTURE, INTERNATIONAL
Notes to Financial Statements
Year Ended September 30, 2020

Note 11. Functionalized Expenses

Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salary, payroll taxes, employee benefits, admin fees, postage, shipping, insurance, supplies, rent, utilities, and others which are allocated on the basis of estimates of time and effort.

Note 12. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets at Year End:

Cash	\$ 298,727
Investments	461,384
Grants Receivable	139,909
Contributions Receivable Due in One Year	150,253
Total Financial Assets	<u>1,050,273</u>

Less: Donor-Restricted to Assistance to Victims of Torture and Case Manager (31,832)

Financial assets available to meet general expenditures within one year \$ 1,018,441

The Organization receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. The Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in money market funds and certificates of deposits.

SURVIVORS OF TORTURE, INTERNATIONAL
Notes to Financial Statements
Year Ended September 30, 2020

Note 13. Payroll Protection Program

On April 23, 2020 the Organization received loan proceeds in the amount of \$174,675 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the U.S. Small Business Administration. Under the terms of CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or portion of the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. The Organization expects to meet the PPP's eligibility criteria and has concluded that the PPP loan represents, in substance, a grant that is expected to be forgiven, and accordingly, has accounted for the PPP loan as a conditional contribution. The loan is considered to be conditioned upon certain performance requirements and the incurrence of qualifying expenses. The proceeds are recognized as revenue when the Organization has incurred expenditures in compliance with the loan provisions. As of September 30, 2020, the Organization has partially met these conditions and has recorded grant revenue in the amount of \$153,594 based on qualifying expenditures. The balance of the loan as of September 30, 2020 is \$21,081 and is reported as Paycheck Protection Program forgivable loan liability. That amount was used for qualifying expenses subsequent to the fiscal year end, and therefore, corresponding contribution income was recorded in October 2020.

Note 14. Management's Review and Subsequent Events

The Organization's management has evaluated subsequent events through January 27, 2021, the date the financial statements were available to be issued.

The spread of Coronavirus (COVID-19) in 2020 has caused a substantial impact on the U.S. economy. There is significant uncertainty around the effects and duration of business interruption related to COVID-19. The extent of the impact on the Organization's operations, donors, employees, and vendors will depend on certain developments, which cannot be determined at this time.