

CENTER FOR JUSTICE & ACCOUNTABILITY

Financial Statements

For the Year Ended June 30, 2023

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Independent Auditor's Report

To the Board of Directors
Center for Justice & Accountability
San Francisco, California

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Center for Justice and Accountability (CJA), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CJA as of June 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 CJA 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 opinion.

Report on Summarized Comparative Information

We have previously audited CJA's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

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 CJA's ability to continue as a going concern for 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 GAAS 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 GAAS 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 CJA'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 CJA'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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024 on our consideration of CJA'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 CJA'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 CJA's internal control over financial reporting and compliance.

Clark Nuber P.S.

Certified Public Accountants
March 13, 2024

CENTER FOR JUSTICE & ACCOUNTABILITY

Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 658,707	\$ 693,218
Grants and accounts receivable	285,722	527,240
Short-term investments	1,983,130	1,796,838
Prepaid expenses and other current assets		1,369
	<u>2,927,559</u>	<u>3,018,665</u>
Total Current Assets	2,927,559	3,018,665
Deposits		5,228
		<u>5,228</u>
Total Assets	<u>\$ 2,927,559</u>	<u>\$ 3,023,893</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 159,169	\$ 81,753
Accrued compensation	132,802	120,704
Deferred revenue	202,127	79,671
	<u>494,098</u>	<u>282,128</u>
Total Liabilities	494,098	282,128
Net Assets:		
Without donor restrictions	2,433,461	2,492,293
With donor restrictions		249,472
	<u>2,433,461</u>	<u>2,741,765</u>
Total Net Assets	2,433,461	2,741,765
Total Liabilities and Net Assets	<u>\$ 2,927,559</u>	<u>\$ 3,023,893</u>

See accompanying notes.

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**Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)**

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Support and Revenue:				
Foundation grants	\$ 448,750	\$ 10,000	\$ 458,750	\$ 370,000
Federal grants	2,173,157		2,173,157	1,244,589
Contributions	1,471	300,000	301,471	251,212
Fellowship revenue	97,500		97,500	128,125
Fundraising events	205,866		205,866	92,000
Investment return	42,591		42,591	(2,952)
Forgiveness of Paycheck Protection Program loan				153,827
Other income	2,161		2,161	1,111
Net assets released from restriction	559,472	(559,472)		
Total Support and Revenue	3,530,968	(249,472)	3,281,496	2,237,912
Expenses:				
Program services	2,842,372		2,842,372	1,855,525
General and administrative	457,745		457,745	405,026
Development and fundraising	289,683		289,683	77,280
Total Expenses Before Donated Services	3,589,800		3,589,800	2,337,831
Change in Net Assets Before Donated Services	(58,832)	(249,472)	(308,304)	(99,919)
Donated Services:				
Revenue	6,409,433		6,409,433	6,737,841
Expense	(6,409,433)		(6,409,433)	(6,737,841)
Change in Net Assets	(58,832)	(249,472)	(308,304)	(99,919)
Net assets, beginning of year	2,492,293	249,472	2,741,765	2,841,684
Net Assets, End of Year	\$ 2,433,461	\$ -	\$ 2,433,461	\$ 2,741,765

See accompanying notes.

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**Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)**

	Program	General and Administrative	Development and Fundraising	2023 Total	2022 Total
Salaries and wages	\$ 899,938	\$ 130,718	\$ 158,854	\$ 1,189,510	\$ 998,795
Employee benefits	138,242	78,200	17,114	233,556	80,522
Payroll taxes	66,166	12,631	12,044	90,841	176,763
Total salaries and related expenses	1,104,346	221,549	188,012	1,513,907	1,256,080
Consultant fees	1,352,593	146,874	3,281	1,502,748	756,624
Travel	314,753	6,103	1,516	322,372	152,284
Other		1,661	87,682	89,343	12,414
Dues, licenses and memberships	23,266	27,723	4,731	55,720	46,124
Information technology	18,966	12,861	2,620	34,447	7,736
Office expenses	7,388	19,633	311	27,332	12,674
Occupancy	9,302	6,967	692	16,961	58,375
Insurance	7,945	8,694		16,639	23,551
Printing and publications	167	4,187	838	5,192	1,618
Conferences, conventions and meetings	3,646	1,493		5,139	10,351
Total Expenses Before Donated Services	2,842,372	457,745	289,683	3,589,800	2,337,831
Donated services	6,409,433			6,409,433	6,737,841
Total Expenses	\$ 9,251,805	\$ 457,745	\$ 289,683	\$ 9,999,233	\$ 9,075,672

See accompanying notes.

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**Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)**

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (308,304)	\$ (99,919)
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities-		
Realized (gain) loss on investments	(116)	2,824
Forgiveness of Paycheck Protection Program loan		(153,827)
Change in current assets and liabilities:		
Grants and accounts receivable	241,518	27,489
Prepaid expenses and other current assets	1,369	(1)
Deposits	5,228	9,155
Accounts payable	77,416	59,877
Accrued compensation	12,098	13,409
Deferred revenue	122,456	74,552
Net Cash Provided by (Used in) Operating Activities	151,665	(66,441)
Cash Flows From Investing Activities:		
Purchases of investments	(2,836,155)	(2,568,982)
Sales of investments	2,649,979	1,769,908
Net Cash Used in Investing Activities	(186,176)	(799,074)
Net Change in Cash and Cash Equivalents	(34,511)	(865,515)
Cash and cash equivalents, beginning of year	693,218	1,558,733
Cash and Cash Equivalents, End of Year	\$ 658,707	\$ 693,218
Supplementary Disclosure of Noncash Financing Activity:		
Forgiveness of Paycheck Protection Program loan	\$ -	\$ 153,827

See accompanying notes.

CENTER FOR JUSTICE & ACCOUNTABILITY

Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

Note 1 - Nature of Activities

The Center for Justice & Accountability (CJA) is a nonprofit public benefit corporation, incorporated in Washington, D.C. in 1998, and registered as a foreign nonprofit corporation in California, where it has its central operations. The mission of CJA is to deter torture and other severe human rights abuses around the world and advance the rights of survivors to seek truth, justice and redress. CJA uses litigation and other legal mechanisms to hold perpetrators individually accountable for human rights abuses, develop human rights law, and advance the rule of law in countries transitioning from periods of abuse.

CJA integrates other innovative strategies to hold human rights abusers accountable. CJA pairs survivor-centered litigation with transitional justice projects, in which CJA works alongside lawyers and human rights defenders from impacted communities in joint case investigation and development. CJA engages in advocacy to ensure that there are legal remedies to hold human rights violators accountable, wherever they may be found.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, along with gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CJA and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction - Net assets that are not subject to externally-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to externally-imposed restrictions that will be met either by action of CJA or the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Revenue Recognition From Grants, Contributions and Fellowship Revenue - Revenue from contributions is recorded when the pledge to CJA is made. Revenue from contribution-type grants is recognized during the period for which it was awarded to CJA. Revenue from governmental grants that contain certain conditions related to the incurrence of allowable costs are recognized as unrestricted when the condition is met. Any cash received for revenues where conditions have not yet been met is reported as deferred revenue. At June 30, 2023, CJA had approximately \$3,021,000 in grants awarded where conditions had not yet been met.

CJA has awarded conditional grants to subrecipients related to performance of these government grants, which have outstanding commitments of up to approximately \$1,335,000 as of June 30, 2023.

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Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

Note 2 - Continued

Cash and Cash Equivalents - Cash and cash equivalents consist of amounts on hand and on deposit with a commercial bank and financial institution, available on demand, and certificates of deposit with original maturities of 90 days or less. These amounts include monies in bank checking and money market accounts, which are neither held for nor restricted by donors for long-term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Grants and Accounts Receivable - Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. CJA evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. At June 30, 2023 and 2022, CJA has determined that all receivables are fully collectible and therefore has not recorded an allowance for doubtful accounts.

Short-Term Investments - Short-term investments consist of certificates of deposit which are stated at fair value. The certificates have interest rates ranging from 2.75% to 5.40% for 2023. CJA classifies certificates of deposit with an initial term of over 90 days as short-term investments.

Donated Services - CJA receives donated services that meet the criteria for recognition under current accounting standards under generally accepted accounting principles in the United States and are reflected in the accompanying financial statements at their fair values at the time of donation. Fair value is determined based on observable market prices for similar services or the fee that would normally be paid had the services not been donated.

CJA recognizes contributed nonfinancial services in donated services revenue, which is comprised of donated legal services. Unless otherwise noted, contributed nonfinancial assets do not have donor restrictions.

CJA partners with outside attorneys, law firms and investigative support firms to investigate and litigate cases on behalf of clients. These pro-bono partners donate time of attorneys and staff in addition to paying out of pocket expenses associated with the cases. No donor restrictions were noted for the years ending June 30, 2023 and 2022. Donated legal services are used in program activities. CJA calculates the value of donated services using the hours spent, hourly rates and expense amounts provided by the pro-bono partners.

Risks and Concentrations - CJA manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be credit worthy. On occasion, CJA may have amounts deposited with a financial institution in excess of federally insured limits.

Receivables consist primarily of contributions and pledges due from governmental and corporate entities, foundations, and individuals. For the year ended June 30, 2023, 89% of CJA's receivables are from one donor. For the year ended June 30, 2022, 99% of CJA's receivables are from two donors.

For the year ended June 30, 2023, 68% of CJA's revenue came from four donors. For the year ended June 30, 2022, 45% of CJA's revenue came from two donors.

Investments are subject to credit and market risks. Credit risk is the probability that parties holding or supporting an investment will default or otherwise fail to perform. Market risk is the inherent change in the value of an investment due to changes in conditions.

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Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

Note 2 - Continued

Tax Exemption Status - The Internal Revenue Service has determined that CJA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is reflected in these financial statements.

Allocation of Functional Expenses - The costs of program activities and supporting services have been summarized on a functional basis in the statement of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of CJA. All expense categories, excluding donated services, have been allocated among the various functions benefited based upon personnel time records.

Prior Year Summarized Financial Information - The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Reclassifications - Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications have no effect on the change in net assets or net asset balances by classification, as previously reported.

Estimates - In preparing financial statements in conformity with U.S. GAAP, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates under different assumptions.

Subsequent Events - CJA has evaluated subsequent events through March 13, 2024, the date on which the financial statements were available to be issued.

Note 3 - Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy 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 or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

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Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

Note 3 - Continued

Level 3 - Unobservable inputs that are significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Certificates of Deposit - Brokered certificates of deposit are valued using quoted market prices in active markets for similar instruments.

Fair values of CJA's short-term investments in certificates of deposits totaling \$1,983,130 and \$1,796,838 at June 30, 2023 and 2022, respectively, are determined using Level 2 inputs.

Note 4 - Grants and Accounts Receivable

All grants and accounts receivable as of June 30, 2023 and 2022 are collectible within one year.

Note 5 - Employee Benefit Plan

CJA offers all of its employees a retirement plan under section 403(b) of the Internal Revenue Code. CJA matches two percent of employees' salary and wages. The employer match for the years ended June 30, 2023 and 2022 was \$25,695 and \$17,003, respectively.

Note 6 - Net Assets Without Donor Restrictions

Net assets without donor restrictions are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Board-designated general operating reserve	\$ 600,000	\$ 435,000
Undesignated	<u>1,833,461</u>	<u>2,057,293</u>
Net Assets Without Donor Restrictions	<u><u>\$ 2,433,461</u></u>	<u><u>\$ 2,492,293</u></u>

The Board Designated Fund was funded by transferring certain released permanently restricted cash funds of \$200,000, with an additional \$400,000 from the undesignated net asset balance. Disbursements from the Fund must meet certain criteria and be approved by the Board.

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of \$0 and \$249,472 restricted for time for the years June 30, 2023 and 2022, respectively.

Net assets released from time and purpose restrictions totaled \$550,000 and \$9,472 for the year ended June 30, 2023, respectively.

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**Notes to Financial Statements
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)**

Note 8 - Liquidity and Availability of Financial Assets

CJA has a goal to maintain financial assets, which consist of cash and equivalents, grants and accounts receivable, and short-term investments, on hand to meet 60 days of normal operating expenses. CJA structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Financial assets-		
Cash and cash equivalents	\$ 658,707	\$ 693,218
Grants and accounts receivable due within one year	285,722	527,240
Short-term investments	<u>1,983,130</u>	<u>1,796,838</u>
Total financial assets	2,927,559	3,017,296
Less amounts not available to meet general expenditures-		
Board designated funds	<u>(600,000)</u>	<u>(435,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 2,327,559</u></u>	<u><u>\$ 2,582,296</u></u>