BEDINGER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

CENTER FOR JUSTICE AND ACCOUNTABILITY

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

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BEDINGER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

August 20, 2014

Board of Directors
Center for Justice and Accountability
San Francisco, California

We have audited the financial statements of Center for Justice and Accountability (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, June 30, 2014, 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.

Other Matters

Supplemental Information
The Supplemental Statement of Activities for the United Nations Voluntary Fund for Victims of Torture for the year ended June 30, 2014 is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report on Summarized Comparative Information
We have previously audited the Center for Justice and Accountability's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 7, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bedinger & Company
Certified Public Accountants

CENTER FOR JUSTICE AND ACCOUNTABILITY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

ASSETS	June 30 2014	June 30 2013
CURRENT ASSETS		
Cash and cash equivalents	$ 1,321,278	$ 1,128,779
Grants and accounts receivable	525,100	794,138
Investments (Note B)	23,161	123,794
Prepaid expenses	11,487	3,438
TOTAL CURRENT ASSETS	1,881,026	2,050,149
Property and equipment, net (Note C)	0	0
Grants receivable long-term portion	0	400,200
Deposits	8,292	7,744
TOTAL ASSETS	$ 1,889,318	$ 2,458,093
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 62,710	$ 69,901
TOTAL CURRENT LIABILITIES	62,710	69,901
TOTAL LIABILITIES	62,710	69,901
COMMITMENTS AND CONTINGENCIES (Note H)		
NET ASSETS		
Unrestricted	854,678	770,409
Temporarily restricted (Note E)	771,930	1,417,783
Permanently restricted (Note F)	200,000	200,000
TOTAL NET ASSETS	1,826,608	2,388,192
TOTAL LIABILITIES AND NET ASSETS	$ 1,889,318	$ 2,458,093

CENTER FOR JUSTICE AND ACCOUNTABILITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

SUPPORT AND REVENUE	Unrestricted Operating Fund	Temporarily Restricted Fund	Permanently Restricted Fund	Year Ended June 30 2014	Year Ended June 30 2013
Foundations grants	$ -	$ 322,831	$ -	$ 322,831	$ 1,513,374
Corporate grants	49,000			49,000	1,600
Contributions	293,492			293,492	209,121
Fundraising events	1,748			1,748	251,390
Interest income	2,130	20		2,150	2,116
Miscellaneous income	613			613	1,213
In-Kind services and goods	3,339,921			3,339,921	2,181,831
Net assets released from restriction	968,704	(968,704)		0	0
Total Support and Revenue	4,655,608	(645,853)	-	4,009,755	4,160,645
EXPENSES					
Program	4,163,674			4,163,674	2,974,434
General and administrative	250,761			250,761	200,445
Fundraising	156,904			156,904	264,407
Total Expenses	4,571,339	-	-	4,571,339	3,439,286
Change in net assets	84,269	(645,853)	-	(561,584)	721,359
NET ASSETS, beginning of year	770,409	1,417,783	200,000	2,388,192	1,666,833
NET ASSETS, end of year	$ 854,678	$ 771,930	$ 200,000	$ 1,826,608	$ 2,388,192

CENTER FOR JUSTICE AND ACCOUNTABILITY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	Program	General and Administrative	Fundraising	Total All Funds Year Ended June 30 2014	2013
Salaries and wages	$ 513,481	$ 94,276	$ 91,430	$ 699,187	$ 631,584
Payroll taxes	39,732	7,705	7,075	54,512	47,894
Employee benefits	48,051	8,556	9,318	65,925	77,827
Total salaries and related expenses	601,264	110,537	107,823	819,624	757,305
Consultant fees	80,949	54,692	11,195	146,836	203,996
Accounting fees	-	9,231	-	9,231	8,130
Office expenses	7,078	1,625	3,677	12,380	15,041
Information technology	14,322	3,695	2,521	20,538	17,016
Occupancy	69,153	13,262	12,315	94,730	86,193
Printing and publications	5,637	288	2,943	8,868	15,961
Event expenses	-	324	3,352	3,676	30,608
Travel and meals	71,352	305	1,052	72,709	80,543
Conferences, conventions and meetings	2,014	259	2,093	4,366	5,712
Insurance	7,444	1,428	1,326	10,198	11,241
Dues, licenses and memberships	9,429	1,238	360	11,027	12,724
Bank, payroll and processing fees	215	3,898	4,466	8,579	6,061
Pro bono - consultant and legal fees	3,197,653	49,600	-	3,247,253	2,107,439
Pro bono - expenses	91,732	-	936	92,668	74,392
Miscellaneous	5,432	379	2,845	8,656	6,924
	$ 4,163,674	$ 250,761	$ 156,904	$ 4,571,339	$ 3,439,286

See Notes to Financial Statements

CENTER FOR JUSTICE AND ACCOUNTABILITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

CASH FLOWS FROM OPERATING ACTIVITIES:	Year Ended June 30 2014	Year Ended June 30 2013
Change in net assets	$ (561,584)	$ 721,359
Adjustments to reconcile change in net assets to cash provided <used> by operating activities:		
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
<Increase> decrease in accounts receivable	669,238	(669,338)
<Increase> decrease in prepaid expenses	(8,049)	6,994
<Increase> decrease in deposits	(548)	(750)
Increase <decrease> in accounts payable and accrued expenses	(7,191)	21,902
NET CASH PROVIDED <USED> BY OPERATING ACTIVITIES	91,866	80,167
CASH FLOWS FROM INVESTING ACTIVITIES:		
<Increase> decrease in investments, net	100,633	101,041
NET CASH PROVIDED BY INVESTING ACTIVITII	100,633	101,041
NET INCREASE IN CASH	192,499	181,208
CASH, beginning of year	1,128,779	947,571
CASH, end of year	$ 1,321,278	$ 1,128,779

See Notes to Financial Statements

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General
The Center for Justice and Accountability (the Organization) is a nonprofit public benefit corporation, incorporated in Washington, DC in 1998. The mission of the Organization 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. The Organization uses litigation 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.

Preparation of Financial Statements
The Organization's policy is to prepare its financial statements on the accrual basis of accounting.

Estimates
In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, 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.

Financial Statement Presentation
Under FASB ASC Subtopic 958-205, *Not-For-Profit Entities—Presentation of Financial Statements*, the Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Contributions
In accordance with FASB ASC Section 958-605-25, *Not-For-Profit Entities—Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and nature of grantor restrictions. Contributions are recorded as restricted support if they are received with grantor stipulations that limit the use of the contributed assets. When a grantor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents
For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Disclosure about Fair Value of Financial Instruments
The Organization's financial instruments include cash, cash equivalents and investments. The carrying amounts of these financial instruments have been estimated by management to approximate fair value. 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." When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. Accounting Standards Codification (ASC) 820-10, *Fair Value Measurement*, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1— Quoted prices for identical assets and liabilities in active markets.

Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets or liabilities in active markets, quoted prices 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—Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets and liabilities.

The Organization measured the fair value of their investments, consisting of certificates of deposit, using Level 2 inputs.

Accounts Receivable
The Organization evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. At June 30, 2014, the Organization has determined that all receivables are fully collectible and therefore, has not recorded an allowance for doubtful accounts.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

The Organization records depreciation on its property and equipment on a straight-line basis using the following estimated useful lives:

Computer equipment and software:	3 Years
Furniture and fixtures:	5 Years

Maintenance and repairs are expensed as incurred.

The cost of assets sold and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale. Any resulting profit or loss is reflected currently in the statement of activities and changes in net assets.

Concentration of Credit

From time to time the Organization holds financial instruments that potentially subject the Organization to concentrations of credit risk consisting of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents exceeding insured limits totaled $172,062 and $113,038 at June 30, 2014 and 2013, respectively. It is the opinion of management that the solvency of the financial institution is not of particular concern at this time.

Donated Equipment, Supplies and Services (In-kind)

Donated items and services are included in revenue and expenditures at their estimated values at date of receipt.

Federal and State Taxes on Income

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code, Section 23701(d) of the California Revenue and Taxation Code and Section 47-1802.1 of the Washington, DC Revenue and Taxation Code, respectively.

The Organization has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization returns for years ended June 30, 2013, 2012, and 2011 are subject to examination by federal and state taxing authorities generally for three years after they are filed.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE B – INVESTMENTS

The composition and fair value of investments at June 30, 2014 is as follows:

		Fair Value Measurements Using:	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Short Term Investments			
Certificates of Deposit	$23,161		$23,161
Total Investments	$23,161	$0	$23,161

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2014 consists of the following:

Furniture and equipment	$23,083
Less: accumulated depreciation	(23,083)
	$ 0

Depreciation expense for the years ended June 30, 2014 and 2013 was $0 for both years.

NOTE D – EMPLOYEE BENEFITS

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The value of accumulated vacation at June 30, 2014 and 2013 is $38,511 and $31,239, respectively, and is reflected in the accrued expenses in the accompanying financial statements.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Organization since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period sick leave is taken.

The Organization offers all of its employees a 403(b) pension plan with no match.

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets at June 30, 2014 and 2013 consisted of the following:

	2014	2013
Torture Survivors	$10,500	$14,750
Future Operations	758,930	1,400,533
Client Conference	2,500	2,500
	$771,930	$1,417,783

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purposes specified by donors as follows during the year ended June 30, 2014:

Judith Stronach Fund	$ 20
Torture Survivors	25,250
Future Operations	943,434
	$968,704

NOTE F – PERMANENTLY RESTRICTED NET ASSETS

The Organization maintains one endowed fund of permanently restricted net assets. Permanent restrictions arise when donors contribute money to the Organization with a restriction stating the money is to be invested and that the principal is not to be spent. These are considered donor-restricted endowed funds that the Organization must hold in

NOTE F – PERMANENTLY RESTRICTED NET ASSETS (Continued)

perpetuity. Donors do not set a restriction as to the use of the earnings. The income from permanently restricted net assets is considered a temporarily restricted net asset, which becomes unrestricted when it is spent for the purpose that the Organization has designated. The endowment fund is classified and reported based on the existence or absence of donor-imposed restrictions. They include net assets permanently restricted for:

Judith Stronach Fund	$200,000

The Judith Stronach Fund was established in 2003 with a donation of $200,000. The fund was established to enhance the work of the Organization.

Interpretation of Relevant Law
The Organization (Board of Directors) has interpreted the California State Uniform Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the endowment fund. As a result of this interpretation, The Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effects of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the Organization

NOTE F – PERMANENTLY RESTRICTED NET ASSETS (Continued)

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of or during the year ended June 30, 2014.

Return Objective and Risk Parameters
The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations and programs supported by its endowments while at the same time seeking to maintain the principal of the endowment assets. The investment policy identifies acceptable levels of risk and rate of return objectives for the endowed funds. Currently, assets are invested in a manner that is intended to produce moderate income while assuming a low level of risk. The Organization expects the endowment funds, over time, to yield an average rate of return that is consistent with market standards for its types of investment. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through current yield (interest). The Organization targets an asset allocation in cash and cash equivalents. The details of this asset allocation are reviewed annually and reset to accommodate evolving market conditions.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Organization understands the intent of the donors to its endowment funds to be that such funds will maintain their principal in future years. The Organization does not understand its responsibility to be to grow the principal balance or to maintain the purchasing power of such funds. Rather, it considers all income earned by a fund to be available to be spent on the mandated purposes of the funds each year.

NOTE F – PERMANENTLY RESTRICTED NET ASSETS (Continued)

Endowment net assets consist of the following at June 30, 2014:

Endowment Net Assets	Temporarily Restricted	Permanently Restricted	Total
Judith Stronach Fund	$ 0	$200,000	$200,000

Changes in Endowment net assets for the year ended June 30, 2014 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Net Assets, Beginning of year	$0	$200,000	$200,000
Current year investment income:			
Interest	20	-	20
Appropriations of earnings for use	(20)	-	(20)
Judith Stronach Fund	$ 0	$200,000	$200,000

NOTE G – IN-KIND CONTRIBUTIONS

The Organization partners with outside attorneys, law firms and investigative support firms to investigate and litigate cases on behalf of its clients. The pro bono partners donate the time of their attorneys and staff in addition to paying for out of pocket expenses associated with investigations and litigation. The Organization calculates the value of donated services using the hourly rates provided by the pro bono partners. Further, the Organization receives donations of facilities, supplies and goods valued throughout the year.

The in-kind contributions were comprised of the following for the years ended June 30, 2014 and 2013:

	2014	2013
Pro bono services	$3,247,253	$2,107,439
Professional out-of-pocket expenses	92,668	62,772
Other donated facilities, goods and supplies	0	11,620
Total In-Kind Contributions	$3,339,921	$2,181,831

NOTE H – COMMITMENTS AND CONTINGENCIES

The Organization leases office space in San Francisco, California through November 2015 at a rate of $8,292. Additionally, the Organization leases a copier with monthly payments of $195, which runs through September 2016.

Future commitments associated with these leases are as follows:

Year Ended June 30,	
2015	$ 101,844
2016	43,800
2017	585
	$ 146,229

Rent expense for the years ended June 30, 2014 and 2013 was $94,680 and $86,178, respectively.

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE I – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 20, 2014, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2014, have been incorporated into these financial statements.

SUPPLEMENTARY INFORMATION

CENTER FOR JUSTICE AND ACCOUNTABILITY
STATEMENT OF ACTIVITIES
UNITED NATIONS VOLUNTARY FUND FOR VICTIMS OF TORTURE
YEAR ENDED JUNE 30, 2014

Grant award	$ 21,000
Case costs	6,000
Salaries (legal)	13,846
Rent	1,154
Total Expenses	21,000
	$ -

See Notes to Financial Statements