



The Center for Justice & Accountability

Financial Statements

For the year ended June 30, 2019

with

Report of Independent Auditors



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Report of Independent Auditors

To the Board of Directors of the Center for Justice & Accountability

We have audited the accompanying financial statements of the Center for Justice & Accountability (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Responsibility of Management for the Financial Statements

The management of the Center for Justice & Accountability is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States. 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.

Responsibility of the Auditors

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted the audit in accordance with auditing standards generally accepted in the United States. 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 we select depend on our judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of 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 the management of the Center for Justice & Accountability, and 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 the audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center for Justice & Accountability as of June 30, 2019, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Prior year summarized financial information

We have previously audited the financial statements of the Center for Justice & Accountability as of and for the year ended June 30, 2018 and, in our report dated November 1, 2018, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which the management of the Center for Justice & Accountability derived it.

WMB2

WMB2, LLP
Larkspur, California
October 2, 2019

Center for Justice & Accountability
Statement of Financial Position
As of June 30, 2019
with summarized financial information as of June 30, 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 556,244	\$ 929,705
Grants and accounts receivable	664,633	534,475
Short term investments	2,050,000	2,400,000
Prepaid expenses and other current assets	57,928	49,973
	<u>3,328,805</u>	<u>3,914,153</u>
Property and equipment		
Leasehold improvements	30,376	30,376
Furniture and equipment	25,390	25,390
	<u>55,766</u>	<u>55,766</u>
Less accumulated depreciation	<u>(55,766)</u>	<u>(49,691)</u>
Property and equipment, net	-	6,075
Grants receivable due after one year	300,000	-
Deposits	16,200	16,200
Total assets	<u><u>\$ 3,645,005</u></u>	<u><u>\$ 3,936,428</u></u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 17,257	\$ 63,285
Accrued compensation	53,687	50,757
Fiscal agent liability	45,000	-
Total current liabilities	115,944	114,042
Commitments and contingencies		
Net assets		
With donor restrictions	1,090,416	920,752
Without donor restrictions		
General	2,003,645	2,466,634
Board-designated	435,000	435,000
Total without donor restrictions	<u>2,438,645</u>	<u>2,901,634</u>
Total net assets	<u>3,529,061</u>	<u>3,822,386</u>
Total liabilities and net assets	<u><u>\$ 3,645,005</u></u>	<u><u>\$ 3,936,428</u></u>

See accompanying notes.

Center for Justice & Accountability
Statement of Activities
For the year ended June 30, 2019
with summarized financial information for the year ended June 30, 2018

	Without donor restrictions	With donor restrictions	Totals	
			2019	2018
Support and revenue				
Foundation grants	\$ 57,500	\$ 925,000	\$ 982,500	\$ 1,210,510
United Nations grant	-	-	-	20,000
Federal contracts	43,911	-	43,911	-
Corporate support	81,405	-	81,405	6,942
Contributions	331,438	-	331,438	2,221,907
In-kind services	5,988,330	-	5,988,330	7,159,612
Fundraising events, net of expenses of \$5,515	20,504	-	20,504	171,566
Investment income	46,808	-	46,808	42,804
Other income	17,160	-	17,160	17,407
Net assets released from restriction	755,336	(755,336)	-	-
Total support and revenue	7,342,392	169,664	7,512,056	10,850,748
Expenses				
Program	7,157,319	-	7,157,319	8,298,962
General and administrative	365,039	-	365,039	211,504
Development and fundraising	283,023	-	283,023	287,369
Total expenses	7,805,381	-	7,805,381	8,797,835
Changes in net assets	(462,989)	169,664	(293,325)	2,052,913
Net assets, beginning of year	2,901,634	920,752	3,822,386	1,769,473
Net assets, end of year	\$ 2,438,645	\$ 1,090,416	\$ 3,529,061	\$ 3,822,386

See accompanying notes.

Center for Justice & Accountability
Statement of Activities
For the year ended June 30, 2019
with summarized financial information for the year ended June 30, 2018

	Program	General and administrative	Development and fundraising	Totals	
				2019	2018
Salaries and wages	\$ 634,838	\$ 202,732	\$ 176,576	\$ 1,014,146	\$ 918,759
Payroll taxes	46,275	16,945	13,089	76,309	67,473
Employee benefits	80,972	49,078	26,567	156,617	133,616
Total salaries and related expenses	762,085	268,755	216,232	1,247,072	1,119,848
Pro bono - consultant and legal fees	5,595,765	-	2,800	5,598,565	7,112,931
Pro bono - expenses	389,765	-	-	389,765	46,681
Travel	124,743	6,377	17,432	148,552	148,715
Occupancy	74,800	26,118	20,600	121,518	116,869
Consultant fees	143,559	19,611	5,480	168,650	83,451
Program legal expenses	22,295	9,084	-	31,379	55,487
Office expenses	1,681	5,539	4,821	12,041	51,922
Information technology	9,530	6,955	2,062	18,547	15,525
Conferences, conventions and meetings	2,566	1,954	192	4,712	5,529
Insurance	7,351	4,804	-	12,155	10,526
Printing and publications	661	34	6,421	7,116	8,331
Depreciation	-	6,075	-	6,075	6,075
Dues, licenses and memberships	21,666	5,778	6,983	34,427	13,036
Other	852	3,955	-	4,807	2,909
Total expenses	\$ 7,157,319	\$ 365,039	\$ 283,023	\$ 7,805,381	\$ 8,797,835

See accompanying notes.

Center for Justice & Accountability
Statement of Cash Flows
Year ended June 30, 2019
with summarized financial information for the year ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (293,325)	\$ 2,052,913
Adjustments to reconcile change in net assets to cash flows provided (used) by operating activities:		
Depreciation	6,075	6,075
Changes in current assets and liabilities		
Grants and accounts receivable	(430,158)	(121,570)
Prepaid expenses and other current assets	(7,955)	(12,751)
Accounts payable	(46,028)	49,604
Accrued compensation	2,930	8,672
Fiscal agent liability	45,000	-
Net cash provided (used) by operating activities	(723,461)	1,982,943
Cash flows from investing activities		
Decrease (increase) in investments, net	350,000	(1,523,945)
Increase (decrease) in cash and cash equivalents	(373,461)	458,998
Cash and cash equivalents, beginning of year	929,705	470,707
Cash and cash equivalents, end of year	<u>\$ 556,244</u>	<u>\$ 929,705</u>

See accompanying notes.

Center for Justice & Accountability

June 30, 2019

Notes to Financial Statements

Note 1 – Nature of activities

The Center for Justice & Accountability (CJA) is a non-profit public benefit corporation, incorporated in Washington, D.C. in 1998, and registered as a foreign non-profit 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 in-country prosecutors to hold human rights abusers criminally accountable in national courts. CJA engages in policy advocacy to ensure that there are civil and criminal remedies to hold human rights criminals accountable around the globe.

Note 2 – Summary of significant accounting policies

Basis of accounting

The accounting records of CJA are maintained on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States.

New pronouncements

Effective January 1, 2018, CJA adopted FASB ASU 2016-14 *Presentation of Financial Statements of Not for Profit Entities*. The new pronouncement changed the presentation of certain information in the financial statements and footnote disclosures.

Cash and cash equivalents

Cash and cash equivalents consist of amounts on hand and on deposit with a commercial bank, available on demand. 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.

Center for Justice & Accountability

June 30, 2019

Notes to Financial Statements

Note 2 – Summary of significant accounting policies (continued)

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. At times during the year, amounts on deposit may exceed insured limits.

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.

Receivables and credit policies

Receivables consist principally of contributions and pledges due from governmental and corporate entities, foundations and individuals. CJA evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. At June 30, 2019, CJA has determined that all receivables are fully collectible and therefore has not recorded an allowance for doubtful accounts.

Property and equipment

Property and equipment consist of furniture, office equipment, computers, and leasehold improvements. CJA records property and equipment at cost or initially at fair value on the date of donation for contributed items. CJA expenses property and equipment with a cost or fair value under \$2,000 and the costs of maintenance and repairs that do not improve or extend the lives of the property and equipment. CJA computes depreciation using the straight-line method over the estimated useful lives of the property and equipment or the shorter remaining lease term for leasehold improvements.

Fair value

CJA's financial instruments include cash, cash equivalents, and certificates of deposit. The carrying amount of these financial instruments has 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. ASC 820-10," Fair

Center for Justice & Accountability

June 30, 2019

Notes to Financial Statements

Note 2 – Summary of significant accounting policies (continued)

Fair value (continued)

Value Measurement”, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value. CJA measured the fair value of their investments using Level 1, 2, and 3 inputs. 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.

Tax exemption status

In letters to CJA, the Internal Revenue Service and California Franchise Tax Board have stated that CJA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and from California bank and corporation taxes under Section 23701(d) of the California Revenue and Taxation Code, respectively. In addition, CJA qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as a publicly supported organization as described in IRC Section 509(a)(1). Accordingly, donors are entitled to the maximum charitable contribution deduction allowed by law.

The management of CJA believes that no activities of CJA jeopardized its exemption from income taxes or classification as a “public charity,” or subjected CJA to unrelated business income or excise taxes. Accordingly, CJA did not provide for income taxes.

CJA files tax returns with the Internal Revenue Service and the Franchise Tax Board. As of June 30, 2019, open tax periods subject to future examination by taxing authorities cover periods from July 1, 2015 through June 30, 2019.

Center for Justice & Accountability

June 30, 2019

Notes to Financial Statements

Note 2 – Summary of significant accounting policies (continued)

Net assets

CJA is required to report information regarding its financial position and activities according to two classes of net assets: those with donor restriction and those without donor restriction.

Revenue recognition

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Grants and contributions received are classified depending on the existence and nature of donor restrictions. Contributions are recorded as donor restricted if they are received with donor stipulations that limit the use of the contributed assets. When a donor restriction expires, that is when a stipulated purpose restriction is accomplished or the donor restrictions are satisfied by the passage of time, net assets with donor restrictions are reclassified to those without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated services and in-kind contributions

Donated professional services and contributions are recorded at the respective fair values of the services received.

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. Such expenses which are common to multiple functions have been allocated among the various functions benefited based upon personnel time records.

Center for Justice & Accountability

June 30, 2019

Notes to Financial Statements

Note 2 – Summary of significant accounting policies (continued)

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 accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Reclassification of certain amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented.

Estimates

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

Note 3 – Short term investments

Short term investments consist of certificates of deposit paying interest at rates ranging from 2.55% to 2.65% and maturing from July 2019 to February 2020. CJA classifies certificates of deposit with an initial term of over 90 days as short-term investments.

In accordance with ASC 820-10, "Fair Value Measurement", short term investments are defined as Level 2.

Center for Justice & Accountability

June 30, 2019

Notes to Financial Statements

Note 4 – In-kind contributions

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. CJA calculates the value of donated services using the hours spent, hourly rates and expense amounts provided by the pro-bono partners.

Note 5 – Retirement plan

Accumulated unpaid employee vacation benefits are recognized as liabilities of CJA. The value of accumulated vacation at June 30, 2019 is \$53,687, and is reflected in the accrued compensation 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 CJA since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period sick leave is taken.

CJA offers all of its employees a pension plan under section 403(b) of the Internal Revenue Code. CJA matches a portion of employee elective contributions. The employer match for the year ended June 30, 2019 totaled \$19,822.

Note 6 – Board designated fund

During the year ended June 30, 2018, the Board of Directors created the Board Designated Fund. It was funded by transferring certain released permanently restricted funds of \$200,000 and with an additional \$235,000 from the unrestricted net asset balance. Disbursements from the Fund must meet certain criteria and be approved by the Board. Board designated net assets total \$435,000 as of June 30, 2019.

Center for Justice & Accountability
June 30, 2019
Notes to Financial Statements

Note 7 – Net assets with donor restrictions

Net assets with donor restrictions reconcile as follows for the year ended June 30, 2019

	June 30, <u>2018</u>	<u>Additions</u>	<u>Releases</u>	June 30, <u>2019</u>
Program restrictions -				
Torture survivors -				
United Nations Voluntary				
Fund for Victims of Torture	\$ 10,000	\$ -	\$ (10,000)	\$ -
Cambodia -				
Pro Victimis Foundation	17,419	-	(17,419)	-
Yazidi genocide -				
Jacob Blaustein Institute	10,000	-	(10,000)	-
Time restrictions	-			-
Wellspring Advisors LLC	708,333	-	(250,000)	458,333
Stewart Mott Foundation	-	20,000	(15,000)	5,000
Oak Foundation	25,000	900,000	(300,000)	625,000
Foundation to Support				
Open Society	150,000	-	(150,000)	-
Samuel Rubin Foundation	-	5,000	(2,917)	2,083
	<u>\$ 920,752</u>	<u>\$ 925,000</u>	<u>\$ (755,336)</u>	<u>\$ 1,090,416</u>

Note 8 – Commitments and contingencies

Contingencies

Grant and contract awards generally require the fulfillment of certain conditions. Failure to fulfill the conditions could result in the return of the funds to the grantors or contracting agency. CJA deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of CJA to the provisions of the funding. CJA's management is of the opinion that CJA has complied with the terms of all grants and contracts.

Center for Justice & Accountability
June 30, 2019
Notes to Financial Statements

Note 8 – Commitments and contingencies (continued)

Commitments

CJA leases office space in San Francisco under terms of an operating lease through October 2019. Rent expense for the year ended June 30, 2019 was \$116,143. Future commitments associated with the lease amount to \$37,208 for the year ending June 30, 2020.

Note 9 – Subsequent events

CJA has evaluated subsequent events through October 2, 2019, which is the date these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2019 that required recognition or disclosure in such financial statements.

Note 10 - Liquidity and availability of financial assets

The following table reflects CJA's financial assets as of the statement of financial position date of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

Cash and cash equivalents	\$ 556,244
Grants and accounts receivable	
due within one year	664,633
Short term investments	2,050,000
Other amounts available for	
current use	<u>12,416</u>
Financial assets available to meet cash needs	
for general expenditures within one year	<u>\$ 3,283,293</u>