

CITIZENS COMMISSION ON HUMAN RIGHTS

DECEMBER 31, 2009 and 2008



CERTIFIED PUBLIC ACCOUNTANTS
&
BUSINESS CONSULTANTS

September 16, 2010

INDEPENDENT AUDITORS' REPORT

Board of Directors
Citizens Commission on Human Rights
Los Angeles, California

We have audited the accompanying statements of financial position of Citizens Commission on Human Rights (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens Commission on Human Rights of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NSBN LLP

NSBN LLP

CITIZENS COMMISSION ON HUMAN RIGHTS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009 and 2008

ASSETS	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 314,769	\$ 392,454
Receivables, net of allowance	28,774	30,679
Deposits and other assets	25,415	91,062
Inventory	52,025	59,331
Property and equipment, net	<u>357,974</u>	<u>542,579</u>
 TOTAL ASSETS	 \$ <u><u>778,957</u></u>	 \$ <u><u>1,116,105</u></u>
 LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>425,787</u>	\$ <u>277,124</u>
TOTAL LIABILITIES	<u>425,787</u>	<u>277,124</u>
NET ASSETS - unrestricted	<u>353,170</u>	<u>838,981</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u><u>778,957</u></u>	 \$ <u><u>1,116,105</u></u>

See accompanying auditors' report.
The notes are an integral part of these financial statements.

CITIZENS COMMISSION ON HUMAN RIGHTS
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2009 and 2008

REVENUE AND SUPPORT	<u>2009</u>	<u>2008</u>
Educational publications and materials sales	\$ 122,711	\$ 142,836
Contributions from related parties	1,482,724	1,280,226
Donations	1,520,136	1,767,564
License fee income	60,140	91,299
Membership income	84,571	68,786
Special events income	258,643	397,474
Other revenue	<u>9,133</u>	<u>34,349</u>
TOTAL REVENUE AND SUPPORT	\$ <u>3,538,058</u>	\$ <u>3,782,534</u>
EXPENSES		
Program services		
Hotline for psychiatric abuse	\$ 115,611	\$ 113,256
Lobbying for laws which concern consumer protection and informed consent	221,555	261,700
Public awareness and information campaign	2,464,269	2,457,056
Educational publications	304,289	325,352
Research into psychiatric drugs, statistics and laws	181,781	180,455
Supporting services		
Management and General	372,584	381,638
Fundraising	<u>363,780</u>	<u>493,075</u>
TOTAL EXPENSES	\$ <u>4,023,869</u>	\$ <u>4,212,532</u>
CHANGES IN NET ASSETS - unrestricted	(485,811)	(429,998)
NET ASSETS - unrestricted, January 1	<u>838,981</u>	<u>1,268,979</u>
NET ASSETS - unrestricted, December 31	<u>\$ 353,170</u>	<u>\$ 838,981</u>

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CITIZENS COMMISSION ON HUMAN RIGHTS
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets - unrestricted	\$ (485,811)	\$ (429,998)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	209,783	233,992
Loss on disposition of fixed assets	703	-
(Increase) decrease in assets:		
Receivables	1,905	7,151
Deposits and other assets	65,647	(63,547)
Inventory	7,306	(17,506)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	<u>148,663</u>	<u>4,195</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(51,804)	(265,713)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	135	-
Acquisitions of fixed assets	<u>(26,016)</u>	<u>(8,491)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(26,016)</u>	<u>(8,491)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(77,685)	(274,204)
CASH AND CASH EQUIVALENTS, January 1	<u>392,454</u>	<u>666,658</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 314,769</u>	<u>\$ 392,454</u>

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CITIZENS COMMISSION ON HUMAN RIGHTS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009

	Program Services					Supporting Services			Total Expenses
	Hotline	Lobbying	Public Awareness	Educational Publications	Research	Total Program Services	Management and General	Fundraising	
Salaries and employee benefits	\$ 58,468	\$ 45,096	\$ 367,477	\$ 93,921	\$ 73,110	\$ 638,072	\$ 183,204	\$ 108,368	\$ 929,644
Payroll taxes	5,337	3,806	31,993	7,953	6,053	55,142	16,724	9,892	81,758
	63,805	48,902	399,470	101,874	79,163	693,214	199,928	118,260	1,011,402
Contributions to other nonprofit organizations	-	-	8,448	-	-	8,448	-	-	8,448
Cost of materials sold	-	-	-	45,955	-	45,955	-	-	45,955
Fundraising commissions	-	-	-	-	-	-	-	91,052	91,052
Insurance	1,388	1,016	9,691	2,847	1,158	16,100	2,804	1,979	20,883
Loss on disposal	-	-	-	-	-	-	700	-	700
Maintenance	304	224	2,894	677	225	4,324	507	392	5,223
Office and administrative	466	332	13,815	1,456	14,436	30,505	2,876	48,609	81,990
Postage and shipping	751	536	8,801	2,906	852	13,846	2,379	8,904	25,129
Printing and promotion	75	125,053	1,343,390	36,916	10,505	1,515,939	234	18,198	1,534,371
Professional fees	135	96	1,767	202	37,853	40,053	34,095	251	74,399
Rent	26,566	19,596	194,533	65,110	19,652	325,457	44,314	34,280	404,051
Special events costs	-	-	319,136	-	-	319,136	-	10,042	329,178
Taxes, dues and fees	9	6	769	19	6	809	41,955	11	42,775
Telephone	3,808	2,715	22,824	5,673	4,318	39,338	11,931	7,057	58,326
Travel	186	9,715	6,548	277	211	16,937	642	1,367	18,946
Utilities	4,096	3,021	29,874	9,125	3,029	49,145	6,829	5,284	61,258
Total expenses before depreciation	101,589	211,212	2,361,960	273,037	171,408	3,119,206	349,194	345,686	3,814,086
Depreciation	14,022	10,343	102,309	31,252	10,373	168,299	23,390	18,094	209,783
Total Expenses	\$ 115,611	\$ 221,555	\$ 2,464,269	\$ 304,289	\$ 181,781	\$ 3,287,505	\$ 372,584	\$ 363,780	\$ 4,023,869

See accompanying auditors' report.
The notes are an integral part of these financial statements.

CITIZENS COMMISSION ON HUMAN RIGHTS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008

	Program Services						Supporting Services			Total Expenses
	Hotline	Lobbying	Public Awareness	Educational Publications	Research	Total Program Services	Management and General	Fundraising		
Salaries and employee benefits	\$ 53,328	\$ 54,648	\$ 443,580	\$ 119,490	\$ 90,237	\$ 761,283	\$ 188,440	\$ 128,257	\$ 1,077,980	
Payroll taxes	4,806	4,603	38,369	10,125	7,489	65,392	16,994	11,560	93,936	
	58,134	59,251	481,949	129,615	97,726	826,675	205,424	139,817	1,171,916	
Contributions to other nonprofit organizations	-	-	65,457	-	-	65,457	-	-	65,457	
Cost of materials sold	-	-	-	39,760	-	39,760	-	-	39,760	
Fundraising commissions	-	-	-	-	-	-	-	139,561	139,561	
Insurance	1,936	1,665	14,866	4,185	2,311	24,963	5,233	3,695	33,891	
Maintenance	948	699	6,974	2,112	701	11,434	1,791	1,223	14,448	
Office and administrative	382	365	20,698	2,114	14,496	38,065	10,823	54,474	103,352	
Postage and shipping	1,051	1,007	125,239	8,888	1,638	137,823	3,714	4,230	145,767	
Printing and promotion	83	156,329	1,005,125	20,365	9,729	1,191,631	693	61,630	1,253,954	
Professional fees	939	899	7,493	1,977	14,362	25,670	56,300	2,257	84,227	
Rent	27,000	19,916	196,996	65,959	19,973	329,844	45,038	34,840	409,722	
Special events costs	-	-	341,118	-	-	341,118	-	17,566	358,684	
Taxes, dues and fees	134	101	3,678	298	107	4,318	5,673	406	10,397	
Telephone	2,993	2,866	23,892	6,305	4,663	40,719	10,576	7,198	58,493	
Travel	256	4,292	22,034	540	399	27,521	4,015	1,145	32,681	
Utilities	3,760	2,773	27,422	8,376	2,780	45,111	6,268	4,851	56,230	
Total expenses before depreciation	97,616	250,163	2,342,941	290,494	168,885	3,150,099	355,548	472,893	3,978,540	
Depreciation	15,640	11,537	114,115	34,858	11,570	187,720	26,090	20,182	233,992	
Total Expenses	\$ 113,256	\$ 261,700	\$ 2,457,056	\$ 325,352	\$ 180,455	\$ 3,337,819	\$ 381,638	\$ 493,075	\$ 4,212,532	

See accompanying auditors' report.
The notes are an integral part of these financial statements.

CITIZENS COMMISSION ON HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

Note 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -

Description of Reporting Entity-

Citizens Commission on Human Rights (CCHR) is a California, tax-exempt, nonprofit, public benefit corporation dedicated to investigating and exposing psychiatric violations of human rights. As a research and educational organization, CCHR's primary goal is to provide the general public with the facts they need for a better understanding of the social, medical, economic and legal effects of certain psychiatric practices and treatments. It also seeks to protect the public against increasing encroachment on individual rights and civil liberties that result from psychiatry's impingement on society.

CCHR's objectives are to bring these matters to the attention of the public and relevant governmental entities and to encourage a more responsible approach to mental healing that respects human and civil rights of all individuals concerned.

CCHR achieves its goals through extensive educational and outreach activities. It conducts research, publishes educational literature, serves as an international informational clearinghouse, hosts educational events, and engages in other public outreach and educational activities, including providing tours of its permanent museum, Psychiatry, the Industry of Death Museum.

Tax Exempt Status-

CCHR is recognized by the Internal Revenue Service as exempt from Federal income tax under Section 501(c)(3). CCHR is also recognized by the California Franchise Tax Board as exempt from California Corporation Franchise Tax under Section 23772(a)(2)(A)(i) of the California Revenue and Taxation Code and exempt from income tax under Section 2370(1)(d). CCHR qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Accounting for Uncertainty in Income Taxes-

CCHR adopted the provisions of FASB ASC Number 740-10, Accounting for Uncertainty in Income Taxes. FASB ASC Number 740-10 changes the accounting for uncertainty in income taxes by creating a new framework for how organizations should recognize, measure, present and disclose uncertain tax positions in their financial statements. Under FASB ASC Number 740-10, an organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. As of December 31, 2009, CCHR has not taken any uncertain tax positions in their financial statements.

CITIZENS COMMISSION ON HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

Note 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(Continued)

Basis of Accounting-

The financial statements of CCHR have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

Certain 2008 amounts are reclassified to conform to the 2009 presentation.

Basis of Presentation-

The financial statements of CCHR have been presented in accordance with the AICPA's Audit and Accounting Guide, "Not-For-Profit Organizations." The accounting policies followed are described below.

Net Asset Classes-

The accompanying financial statements present information regarding CCHR's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The three classes are differentiated by donor restrictions:

a- Unrestricted

Net assets that are not subject to donor-imposed restrictions, or donor-restricted contributions whose restrictions are met within the same reporting period.

b- Temporarily Restricted

Net assets that are subject to donor-imposed time or use restrictions that have not been met as of year-end. Temporarily restricted net assets are restricted for time (e.g., multi-year pledges) or specific programs. There were no temporarily restricted net assets at December 31, 2009 and 2008.

c- Permanently Restricted

Net assets subject to donor-imposed restrictions that are maintained permanently. There were no permanently restricted net assets at December 31, 2009 and 2008.

Use of Estimates in the Preparation of Financial Statements -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents-

Cash and cash equivalents include all funds in banks and highly liquid investments in other financial institutions, with initial maturity of three months or less. The carrying value approximates fair value.

CITIZENS COMMISSION ON HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

Note 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(Continued)

Inventory-

Inventory is stated at lower of cost or market; cost is determined by the average cost method. Inventory consists of public awareness and/or educational booklets, pamphlets and books, as well as insignia promoting the museum. Shipping costs are expensed when paid.

Property and equipment-

Property and equipment are carried at cost. Depreciation is computed using primarily the straight-line method, with the following estimated useful lives:

	<u>YEARS</u>
Furniture and equipment	5
Display fixtures	7
Software	3

Expenditures for maintenance, repairs, and renewals of minor items are charged to expense as incurred. Major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period.

Receivables-

Receivables represent amounts owed to CCHR by CCHR chapters for license fees and by donor pledged unconditional promises to give. The receivables are stated at fair value net of allowances.

Subsequent events-

Management has evaluated subsequent events through September 16, 2010, the date the financial statements were available to be issued.

Note 2 RECEIVABLES

	<u>2009</u>	<u>2008</u>
License fees receivable	\$ 55,915	\$ 60,622
Pledges receivable	1,632	735
	<u>57,547</u>	<u>61,357</u>
Less allowance for doubtful accounts	<u>(28,773)</u>	<u>(30,678)</u>
	<u>\$ 28,774</u>	<u>\$ 30,679</u>

CITIZENS COMMISSION ON HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

Note 3 PROPERTY AND EQUIPMENT

	2009	2008
Furniture and equipment	\$ 1,364,243	\$ 1,368,091
Display fixtures	720,051	720,051
Software	44,989	30,954
	2,129,283	2,119,096
Less accumulated depreciation	(1,771,309)	(1,576,517)
	\$ 357,974	\$ 542,579

Note 4 RELATED PARTY TRANSACTIONS

CCHR is affiliated with the Church of Scientology International (CSI) and Social Betterment Properties Incorporated (SBPI), both of which are tax-exempt nonprofit corporations.

CCHR is related to all CCHR chapters globally and all license fees receivable are from related parties.

CCHR received contributions from US IAS Members' Trust in the amount of \$1,093,955 and \$890,709 in 2009 and 2008, respectively.

CCHR occupies a facility owned by SBPI, rent free. The approximate fair value of the monthly rent was estimated to be \$32,460, which is included in contributions and rent expenses in the statement of activities.

CCHR reimbursed CSI for the liability insurance premiums under group insurance policies obtained by CSI, in the amounts of \$4,408 and \$13,037 in 2009 and 2008, respectively.

Note 5 CONCENTRATION OF CREDIT RISK

In 2009, there are no cash and cash equivalents in excess of insured limits. Cash and cash equivalents includes approximately \$130,000 in 2008, in excess of insured limits. It is the opinion of CCHR management that the solvency of the relevant financial institutions is not of particular concern.

Under the federal government's Temporary Liquidity Guarantee Program (TLGP) that includes the Transaction Account Guarantee (TAG), deposits in qualifying noninterest-bearing accounts maintained at insured depository institutions have unlimited FDIC coverage through January 1, 2010. On July 12, 2010, the FDIC permanently raised the maximum deposit insurance amount to \$250,000.

CITIZENS COMMISSION ON HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

Note 6 FUNCTIONAL EXPENSES

The costs of providing CCHR's programs and the supporting services have been summarized on a functional basis in the statement of activities, and in the statement of functional expenses. Accordingly, certain costs have been allocated between program and supporting services in reasonable ratios determined by management.