

CITIZENS COMMISSION ON HUMAN RIGHTS

DECEMBER 31, 2010 and 2009



CERTIFIED PUBLIC ACCOUNTANT
&
BUSINESS CONSULTANTS

September 22, 2011

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, 2010 and 2009, 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, 2010 and 2009, 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, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 298,428	\$ 314,769
Receivables, net of allowance	27,417	28,774
Deposits and other assets	26,219	25,415
Donated assets	107,094	-
Inventory	45,975	52,025
Property and equipment, net	<u>189,738</u>	<u>357,974</u>
 TOTAL ASSETS	 <u>\$ 694,871</u>	 <u>\$ 778,957</u>
 LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>380,931</u>	\$ <u>425,787</u>
TOTAL LIABILITIES	<u>380,931</u>	<u>425,787</u>
NET ASSETS - unrestricted	<u>313,940</u>	<u>353,170</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 694,871</u>	 <u>\$ 778,957</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, 2010 and 2009

REVENUE AND SUPPORT	<u>2010</u>	<u>2009</u>
Educational publications and materials sales	\$ 81,132	\$ 122,711
Contributions from related parties	1,944,052	1,482,724
Donations	1,432,232	1,520,136
License fee income	61,681	60,140
Membership income	45,648	84,571
Special events income	271,229	258,643
Other revenue	<u>4,653</u>	<u>9,133</u>
TOTAL REVENUE AND SUPPORT	\$ <u>3,840,627</u>	\$ <u>3,538,058</u>
EXPENSES		
Program services		
Hotline for psychiatric abuse	\$ 127,001	\$ 115,611
Lobbying	134,956	221,555
Public awareness and information campaign	2,603,890	2,464,269
Educational publications	266,507	304,289
Research	143,248	181,781
Supporting services		
Management and General	240,711	372,584
Fundraising	<u>363,544</u>	<u>363,780</u>
TOTAL EXPENSES	\$ <u>3,879,857</u>	\$ <u>4,023,869</u>
CHANGES IN NET ASSETS - unrestricted	(39,230)	(485,811)
NET ASSETS - unrestricted, January 1	<u>353,170</u>	<u>838,981</u>
NET ASSETS - unrestricted, December 31	<u>\$ 313,940</u>	<u>\$ 353,170</u>

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CITIZENS COMMISSION ON HUMAN RIGHTS
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets - unrestricted	\$ (39,230)	\$ (485,811)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	171,878	209,783
Loss on disposition of fixed assets	-	703
(Increase) decrease in assets:		
Receivables	1,357	1,905
Deposits and other assets	(804)	65,647
Donated assets	(107,309)	-
Inventory	6,050	7,306
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	<u>(44,856)</u>	<u>148,663</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(12,914)	(51,804)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	-	135
Acquisitions of fixed assets	<u>(3,427)</u>	<u>(26,016)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(3,427)</u>	<u>(25,881)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,341)	(77,685)
CASH AND CASH EQUIVALENTS, January 1	<u>314,769</u>	<u>392,454</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 298,428</u>	<u>\$ 314,769</u>

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CITIZENS COMMISSION ON HUMAN RIGHTS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010

	Program Services						Supporting Services			Total Expenses
	Hotline	Lobbying	Public Awareness	Educational Publications	Research	Total Program Services	Management and General	Fundraising		
Salaries and employee benefits	\$ 68,785	\$ 54,482	\$ 339,870	\$ 98,320	\$ 85,559	\$ 647,016	\$ 110,939	\$ 116,408	\$	874,363
Payroll taxes	6,396	4,738	29,962	8,486	7,300	56,882	10,316	10,824		78,022
	75,181	59,220	369,832	106,806	92,859	703,898	121,255	127,232		952,385
Contributions to other nonprofit organizations	-	-	44,375	-	-	44,375	-	-		44,375
Cost of materials sold	-	-	-	26,788	-	26,788	-	-		26,788
Fundraising commissions	-	-	-	-	-	-	-	87,118		87,118
Insurance	2,033	1,502	12,759	3,815	1,823	21,932	3,347	2,942		28,221
Maintenance	480	354	3,505	1,071	355	5,765	801	620		7,186
Office and administrative	519	384	11,962	1,910	8,769	23,544	5,037	44,753		73,334
Postage and shipping	794	588	5,737	5,635	906	13,660	1,291	5,924		20,875
Printing and promotion	1,956	38,937	1,565,865	15,286	2,832	1,624,876	4,744	10,484		1,640,104
Professional fees	-	-	-	-	-	-	27,192	9,063		36,255
Rent	26,434	19,498	193,568	64,765	19,554	323,819	44,093	34,110		402,022
Special events costs	-	-	262,645	-	-	262,645	-	13,823		276,468
Taxes, dues and fees	4	3	159	448	3	617	481	460		1,558
Telephone	3,589	2,659	16,813	4,762	4,096	31,919	5,788	6,074		43,781
Travel	515	382	3,603	683	588	5,771	831	943		7,545
Utilities	4,007	2,955	29,245	8,933	2,964	48,104	6,687	5,173		59,964
Total expenses before depreciation	115,512	126,482	2,520,068	240,902	134,749	3,137,713	221,547	348,719		3,707,979
Depreciation	11,489	8,474	83,822	25,605	8,499	137,889	19,164	14,825		171,878
Total Expenses	\$ 127,001	\$ 134,956	\$ 2,603,890	\$ 266,507	\$ 143,248	\$ 3,275,602	\$ 240,711	\$ 363,544	\$	\$ 3,879,857

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, 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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

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).

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 2009 amounts are reclassified to conform to the 2010 presentation.

CITIZENS COMMISSION ON HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

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

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, 2010 and 2009.

c- Permanently Restricted

Net assets subject to donor-imposed restrictions that are maintained permanently. There were no permanently restricted net assets at December 31, 2010 and 2009.

Functional Expense Allocation-

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.

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, 2010 and 2009

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	5-7
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.

Donated assets-

Non-cash donations are recorded as contributions at fair market value at the time of donation

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 22, 2011, the date the financial statements were available to be issued.

CITIZENS COMMISSION ON HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

Note 2 RECEIVABLES

	2010	2009
License fees receivable	\$ 51,697	\$ 55,915
Pledges receivable	3,138	1,632
	54,835	57,547
Less allowance for doubtful accounts	(27,418)	(28,773)
	\$ 27,417	\$ 28,774

Note 3 PROPERTY AND EQUIPMENT

	2010	2009
Furniture and equipment	\$ 1,367,187	\$ 1,364,243
Display fixtures	720,051	720,051
Software	45,471	44,989
	2,132,709	2,129,283
Less accumulated depreciation	(1,942,971)	(1,771,309)
	\$ 189,738	\$ 357,974

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 \$1,554,535 and \$1,093,955 in 2010 and 2009, 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 \$2,449 and \$4,408 in 2010 and 2009, respectively.

CITIZENS COMMISSION ON HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

Note 5 CONCENTRATION OF CREDIT RISK

There are no cash and cash equivalents in excess of insured limits in both 2010 and 2009.

Note 6 DONATED ASSETS

Donated assets consisted of non-cash donations from CCHR's special events, and are recorded as contributions at the fair market value at the time of donation.