

CITIZENS COMMISSION ON HUMAN RIGHTS

DECEMBER 31, 2008 and 2007



CERTIFIED PUBLIC ACCOUNTANTS
&
BUSINESS CONSULTANTS

August 31, 2009

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, 2008 and 2007, 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, 2008 and 2007, 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, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 392,454	\$ 666,658
Receivables, net of allowance	30,679	37,831
Deposits and other assets	91,062	27,515
Inventory	59,331	41,824
Property and equipment, net	<u>542,579</u>	<u>768,080</u>
 TOTAL ASSETS	 <u>\$ 1,116,105</u>	 <u>\$ 1,541,908</u>
 LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>277,124</u>	\$ <u>272,929</u>
TOTAL LIABILITIES	<u>277,124</u>	<u>272,929</u>
NET ASSETS - unrestricted	<u>838,981</u>	<u>1,268,979</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,116,105</u>	 <u>\$ 1,541,908</u>

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

CITIZENS COMMISSION ON HUMAN RIGHTS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008 and 2007

REVENUE AND SUPPORT	<u>2008</u>	<u>2007</u>
Educational publications and materials sales	\$ 142,836 *	\$ 85,606 *
Contributions from related parties	1,280,226	2,795,895
Donations	1,767,564	1,607,306
License fee income	91,299	94,840 *
Membership income	68,786	106,332
Special events income	397,474 *	341,195 *
Other revenue	<u>34,349 †</u>	<u>14,588.</u>
TOTAL REVENUE AND SUPPORT	<u>\$ 3,782,534</u>	<u>\$ 5,045,762</u>
EXPENSES		
Program services		
Hotline for psychiatric abuse	\$ 113,256	\$ 101,966
Lobbying for laws which concern consumer protection and informed consent	261,700	238,480
Public awareness and information campaign	2,457,056	3,108,001
Educational publications	325,352	325,944
Research into psychiatric drugs, statistics and laws	180,455	197,336
Supporting services		
Management and General	381,638	489,231
Fundraising	<u>493,075</u>	<u>451,024</u>
TOTAL EXPENSES	<u>\$ 4,212,532</u>	<u>\$ 4,911,982</u>
CHANGES IN NET ASSETS - unrestricted	(429,998)	133,780
NET ASSETS - unrestricted, January 1	<u>1,268,979</u>	<u>1,135,199</u>
NET ASSETS - unrestricted, December 31	<u>\$ 838,981</u>	<u>\$ 1,268,979</u>

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CITIZENS COMMISSION ON HUMAN RIGHTS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets - unrestricted	\$ (429,998)	\$ 133,780
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	233,992	266,565
(Increase) decrease in assets:		
Receivables	7,151	21,389
Deposits and other assets	(63,547)	12,735
Inventory	(17,506)	(2,037)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	<u>4,195</u>	<u>95,021</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(265,713)	527,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of fixed assets	<u>(8,491)</u>	<u>(6,038)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(8,491)</u>	<u>(6,038)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(274,204)	521,415
CASH AND CASH EQUIVALENTS, January 1	<u>666,658</u>	<u>145,243</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 392,454</u>	<u>\$ 666,658</u>

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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	16,984	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	38,055	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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007

	Program Services					Supporting Services			Total Expenses
	Hotline	Lobbying	Public Awareness	Educational Publications	Research	Total Program Services	Management and General	Fundraising	
Salaries and employee benefits	\$ 42,026	\$ 52,580	\$ 380,430	\$ 113,521	\$ 90,603	\$ 679,160	\$ 236,628	\$ 100,762	\$ 1,016,550
Payroll taxes	3,868	4,547	33,555	9,864	7,755	59,589	21,780	9,275	90,644
	45,894	57,127	413,985	123,385	98,358	738,749	258,408	110,037	1,107,194
Contributions to other nonprofit organizations	145	170	201,965	369	290	202,939	814	347	204,100
Cost of materials sold	-	-	-	14,114	-	14,114	-	-	14,114
Fundraising commissions	-	-	-	-	-	-	-	107,479	107,479
Insurance	2,119	1,966	16,728	5,018	2,730	28,561	7,176	3,752	39,489
Maintenance	864	637	10,800	1,925	1,934	16,160	2,086	1,115	19,361
Office and administrative	141	165	17,677	774	24,878	43,635	5,477	53,019	102,131
Postage and shipping	546	641	530,444	-	1,094	532,725	3,092	10,631	546,448
Printing and promotion	83	131,348	1,215,924	55,168	25,453	1,427,976	496	73,024	1,501,496
Professional fees	-	-	780	-	-	780	110,714	-	111,494
Rent	27,047	19,950	197,337	68,172	20,008	332,514	45,116	34,901	412,531
Special events costs	-	-	291,835	-	-	291,835	-	19,381	311,216
Taxes, dues and fees	4	3	3,006	9	3	3,025	1,407	5	4,437
Telephone	2,859	3,361	24,799	7,290	5,731	44,040	16,096	6,854	66,990
Travel	305	6,914	22,506	779	612	31,116	1,719	2,145	34,980
Utilities	4,141	3,055	30,215	9,231	3,084	49,706	6,909	5,342	61,957
Total expenses before depreciation	84,148	225,337	2,978,001	286,234	184,155	3,757,875	459,510	428,032	4,645,417
Depreciation	17,818	13,143	130,000	39,710	13,181	213,852	29,721	22,992	266,565
Total Expenses	\$ 101,966	\$ 238,480	\$ 3,108,001	\$ 325,944	\$ 197,336	\$ 3,971,727	\$ 489,231	\$ 451,024	\$ 4,911,982

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, 2008 and 2007

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).

CCHR has elected to defer the application of Statement of Financial Accounting Standards Interpretation No. 48, Accounting for Uncertainty in Income Taxes, in accordance with Statement of Financial Accounting Standards Position No. 48-3, Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Companies. CCHR will continue to evaluate any uncertain tax positions it might have in accordance with Statement of Financial Accounting Standards Statement No. 5, Accounting for Contingencies. CCHR's management believes that no uncertain tax positions exist at this time.

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 2007 amounts are reclassified to conform to the 2008 presentation.

CITIZENS COMMISSION ON HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

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, 2008 and 2007.

c- Permanently Restricted

Net assets subject to donor-imposed restrictions that are maintained permanently. There were no permanently restricted net assets at December 31, 2008 and 2007.

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.

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.

CITIZENS COMMISSION ON HUMAN RIGHTS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008 and 2007

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

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:

	YEARS
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.

Note 2 RECEIVABLES

	2008	2007
License fees receivable	\$ 60,622	\$ 70,232
Pledges receivable	735	5,430
	61,357	75,662
Less allowance for doubtful accounts	(30,678)	(37,831)
	\$ 30,679	\$ 37,831

CITIZENS COMMISSION ON HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

Note 3 PROPERTY AND EQUIPMENT

	2008	2007
Furniture and equipment	\$ 1,368,091	\$ 1,359,720
Display fixtures	720,051	720,051
Software	30,954	30,834
	2,119,096	2,110,605
Less accumulated depreciation	(1,576,517)	(1,342,525)
	\$ 542,579	\$ 768,080

Note 4 RELATED PARTY TRANSACTIONS

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

CCHR is related to all CCHR chapters globally.

CCHR received contributions from US IAS Members' Trust in the amount of \$890,709 and \$2,455,009 for 2008 and 2007, respectively.

CCHR also received contributions from International Association of Scientologists in the amount of \$46,298 in 2007.

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 Church of Scientology International for the liability insurance premiums under group insurance policies obtained by Church of Scientology International, in the amounts of \$13,037 and \$13,842 in 2008 and 2007, respectively.

CCHR received contributions from Church of Scientology International in the amount of \$2,332 in 2007 for the renovation of the CCHR office spaces and construction of the Museum.

CITIZENS COMMISSION ON HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

Note 5 CONCENTRATION OF CREDIT RISK

Cash and cash equivalents includes approximately \$130,000 and \$598,000 in 2008 and 2007, respectively, 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.

During 2008, the federal government temporarily increased the FDIC limits and subsequent to year end, the increase was extended through December 31, 2013.

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.