SCHALL & ASHENFARB Certified Public Accountants, LLC

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HUMAN RIGHTS FIRST

Audited Financial Statements

December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Human Rights First

Report on the Financial Statements

We have audited the accompanying financial statements of Human Rights First ("the Organization"), which comprise the statements of financial position as of December 31, 2017, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 from 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 organization'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 organization'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, the financial position of Human Rights First as of December 31, 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

November 1, 2018

HUMAN RIGHTS FIRST
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2017

Assets

Cash and cash equivalents	$770,160
Investments (Note 3)	21,153
Grants and pledges receivable, net (Note 4)	650,175
Prepaid expenses and other assets	334,600
Other receivables	61,409
Security deposits	1,656
Restricted cash (Note 12)	476,384
Investments restricted for endowment (Notes 3 and 9)	922,030
Fixed assets, net (Note 5)	755,875
Total assets	$3,993,442

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	$416,413
Accrued payroll and related liabilities	261,576
Line of credit (Note 6)	250,000
Deferred rent	900,016
Total liabilities	1,828,005
Commitments and contingencies (Note 12)	
Net assets:	
Unrestricted (Note 7)	(503,833)
Temporarily restricted (Note 8)	1,169,270
Permanently restricted (Note 9)	1,500,000
Total net assets	2,165,437
Total liabilities and net assets	$3,993,442

The attached notes and auditor's report are an integral part of these financial statements.

HUMAN RIGHTS FIRST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:				
Public support:				
Contributions	$3,038,004	$1,957,000		$4,995,004
Special event	1,976,608			1,976,608
Contributed program services	62,090,920			62,090,920
Fellowship income	342,329			342,329
Investment income	46,116	11,490		57,606
Miscellaneous income	301,602			301,602
Net assets released from restriction	5,223,776	(5,223,776)		0
Total public support and revenue	73,019,355	(3,255,286)	0	69,764,069
Expenses:				
Program services				
Refugee protection	66,825,115			66,825,115
National security	803,311			803,311
General advocacy	358,451			358,451
Foreign policy	2,344,431			2,344,431
VFAI	533,045			533,045
Communications and marketing	608,665			608,665
Total program services	71,473,018	0	0	71,473,018
Supporting services:				
Management and general	1,183,631			1,183,631
Fundraising	944,573			944,573
Total supporting services	2,128,204	0	0	2,128,204
Total expenses	73,601,222	0	0	73,601,222
Change in net assets	(581,867)	(3,255,286)	0	(3,837,153)
Net assets- beginning of year- as originally stated	(4,512,866)	9,515,456	1,000,000	6,002,590
Prior period adjustment (Note 13)	4,590,900	(5,090,900)	500,000	0
Net assets - beginning of year - restated	78,034	4,424,556	1,500,000	6,002,590
Net assets - end of year	($503,833)	$1,169,270	$1,500,000	$2,165,437

The attached notes and auditor's report are an integral part of these financial statements.

HUMAN RIGHTS FIRST
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services							Supporting Services			
	Refugee Protection	National Security	General Advocacy	Foreign Policy	VFAI	Communications & Marketing	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	$3,049,519	$512,917	$195,862	$1,209,568	$249,813	$336,206	$5,553,885	$610,943	$531,797	$1,142,740	$6,696,625
Payroll taxes and benefits	625,050	113,532	41,636	253,257	51,607	69,680	1,154,762	125,018	112,778	237,796	1,392,558
Consultants and professional fees	71,325	456	22,404	84,305	80,485	12,017	270,992	32,816	26,644	59,460	330,452
Legal and related services	61,723,376	1,348		346,316			62,071,040	19,880		19,880	62,090,920
Travel and meals	87,377	5,906	12,786	24,454	8,039	11,071	149,633	7,274	11,884	19,158	168,791
Printing	2,168	24	11	1,449	650	5,877	10,179	796	5,206	6,002	16,181
Photo/video/advocacy	492	5	2	418	27,264	8,279	36,460	8	1,780	1,788	38,248
Dues and subscriptions	11,515	1,000	20,160	2,350	345	5,239	40,609	1,500	1,337	2,837	43,446
Staff training/seminars	8,322	4,701	76	8,036	3,606	4,694	29,435	2,877	272	3,149	32,584
Events & conferences	78,968	1,018	366	21,855	27,165	938	130,310	5,773	77,770	83,543	213,853
Legal and filing fees	2,590	30	13	76	20	35	2,764	2,673		2,673	5,437
On-line services	226	54	159			39,394	39,833			0	39,833
Postage & delivery	11,732	1,104	435	2,664	588	1,091	17,614	2,321	3,446	5,767	23,381
Recruiting	2,496	30	13	74	20	59	2,692	2,670		2,670	5,362
Occupancy	793,444	103,996	41,836	251,119	54,164	75,163	1,319,722	294,577	100,522	395,099	1,714,821
Telephone & website	68,202	11,153	4,749	28,504	5,340	8,022	125,970	16,418	11,438	27,856	153,826
Copying	24,935	4,212	1,657	10,074	2,103	2,918	45,899	5,085	4,286	9,371	55,270
Office supplies	18,921	1,270	502	4,302	1,555	949	27,499	5,825	1,792	7,617	35,116
Bank, investment and payroll fees	15,200	914	357	2,378	468	671	19,988	6,612	21,693	28,305	48,293
Repairs and maintenance	55,154	4,491	1,732	10,475	2,264	3,022	77,138	19,563	16,842	36,405	113,543
Insurance	31,633	5,436	2,124	12,854	2,672	3,626	58,345	5,836	5,558	11,394	69,739
Miscellaneous	8,052	114	22	124	417	275	9,004	4,274	511	4,785	13,789
Depreciation	134,418	29,600	11,549	69,779	14,460	19,439	279,245	10,892	9,017	19,909	299,154
Total expenses	$66,825,115	$803,311	$358,451	$2,344,431	$533,045	$608,665	$71,473,018	$1,183,631	$944,573	$2,128,204	$73,601,222

The attached notes and auditor's report are an integral part of these financial statements.

HUMAN RIGHTS FIRST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities:	
Change in net assets	($3,837,153)
Adjustments to reconcile change in net assets to net cash flows used for operating activities:	
Depreciation	299,154
Net gain on investments	(14,452)
Changes in assets and liabilities:	
Grants and pledges receivable	2,941,271
Prepaid expenses and other assets	(6,786)
Other receivables	96,905
Accounts payable and accrued expenses	(234,994)
Accrued payroll and related liabilities	118,011
Deferred rent	42,363
Total adjustments	3,241,472
Net cash flows used for operating activities	(595,681)
Cash flows from investing activities:	
Purchase of fixed assets	(3,350)
Purchases of investments	(1,975,588)
Proceeds from sales of investments	2,719,503
Net cash flows provided by investing activities	740,565
Cash flows from financing activities:	
Increase in restricted cash	0
Decrease in restricted cash	33,387
Proceeds from line of credit	250,000
Net cash flow provided by financing activities	283,387
Net increase in cash and cash equivalents	428,271
Cash and cash equivalents - beginning of year	341,889
Cash and cash equivalents - end of year	$770,160
Supplemental disclosure of cash flow information:	
Total interest and income taxes paid	$0

The attached notes and auditor's report are an integral part of these financial statements.

HUMAN RIGHTS FIRST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1 - Organization

Human Rights First (the "Organization"), founded in 1978, is an independent advocacy and action organization that challenges America to live up to its ideals. The Organization, believing American leadership is essential in the global struggle for human rights, presses the US government and private companies to respect human rights and the rule of law, creating the political environment and policy solutions necessary to ensure consistent respect for human rights. For more than 35 years, the Organization has built bipartisan coalitions and teamed with frontline activists and lawyers to tackle global challenges that demand American leadership.

The Organization was under the auspices of the International League of Human Rights until July 31, 1982. Effective August 1, 1982, The Lawyers Committee for International Human Rights split off from the International League for Human Rights and began separate activities. In September 1986, the Organization changed its name to the Lawyers Committee for Human Rights. During the year ended May 31, 2004, the Organization changed its name to Human Rights First.

The Organization has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. They have not been designated as a private foundation.

Note 2 - Significant Accounting Policies

a. Basis of Accounting
The financial statements of the Organization have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

b. Basis of Presentation
The Organization reports information regarding its financial position and activities according to the following specific classes of net assets:

- *Unrestricted* – relates to all activity without donor-imposed restrictions.

- *Temporarily restricted* – relates to contributions of cash and other assets with donor stipulations that make clear the assets' restriction, either due to a program nature or by the passage of time. See Note 8.

- *Permanently restricted* – relates to contributions of cash and other assets whereby the assets must remain intact due to restrictions placed by the donor.

c. Cash and Cash Equivalents
The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

d. Concentration of Credit Risk
Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash, money market accounts and investment securities that have been placed with high-quality financial institutions that management deems to be creditworthy. Investments are subject to market value fluctuations and principal is not guaranteed. At times, balances may exceed federally insured limits. While at year end there were material uninsured balances, management feel they have little risk and has not experienced any losses due to bank failure.

e. Revenue Recognition
Contributions are recorded as unrestricted or restricted support depending on the existence and/or nature of any donor stipulations. When a restriction expires (that is, when a stipulated time restriction ends, or 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 restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the same reporting period in which it was recognized.

Contributions receivable are recognized as revenue in the period that a promise to give is considered unconditional in nature. Contributions expected to be received within one year are recorded at net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

f. Investments
Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are recognized on the statement of activities.

g. Fair Market Measurements
Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

h. Grants and Pledges Receivable

Contributions that are expected to be received in less than one year are recorded at net realizable value. Those pledges that are due in greater than one year are recorded at fair value which is calculated using a risk-adjusted rate of return. Long-term pledges are treated as implied time restricted until the period they are due, at which time they will be released from restriction and transferred to the unrestricted class of net assets.

i. Fixed Assets

Fixed assets that the Organization retains title to and which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Depreciation is recorded using the straight-line method over the assets' estimated useful life (*3-5 years)*.

Leasehold improvements are amortized over the shorter of the useful life or the respective lease term.

j. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for the periods ending December 31, 2014 and later are subject to examination by applicable taxing authorities.

k. Management Estimates

The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

l. In-Kind Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria of in-kind services and have not been recorded in the financial statements.

m. Allowance for Doubtful Accounts

The Organization assesses the collectability of outstanding receivables by evaluating the creditworthiness, age of the receivable, and past history of the grantor. Based on this review, no allowance for doubtful accounts has been recorded.

n. Expense Allocation

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

o. Advertising

Advertising costs are charged to operations when the advertising first takes place.

p. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through November 1, 2018, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date, through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.

q. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the December 31, 2018 year, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the December 31, 2019 year, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the December 31, 2019 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2020 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

The Organization is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Investments and Fair Value Measurements

The following is a summary of investments at December 31, 2017:

	Fair Value	Cost
Money market funds	$26,628	$26,658
Fixed income securities	117,213	117,638
Mutual funds	279,900	280,332
Private agency loan fund	519,442	519,442
Total	$943,183	$944,070

Net investment income consisted of the following:

Interest and dividend income	$43,154
Net gain on investments	14,452
Total	$57,606

The Organization's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2f for a discussion of the Organization's policies regarding this hierarchy.

The following table presents the level within the fair value hierarchy at which the Organization's financial assets and financial liabilities are measured on a recurring basis at December 31, 2017. The assets are presented on a desegregated basis by class, determined by the nature and risk associated with the investment:

	Level 1	Level 2	Total
Money market funds	$26,628	$0	$26,628
Fixed income securities	117,213	0	117,213
Mutual funds	279,900	0	279,900
Private agency loan fund	0	519,442	519,442
Total	$423,741	$519,442	$943,183

The Organization had no financial assets or financial liabilities that were measured at fair value on a nonrecurring basis during the year ended December 31, 2017. In addition, there we no transfers between levels during the year ended December 31, 2017.

Note 4 - Grants and Pledges Receivable

At December 31, 2017, the net present value of grants and pledges receivables is $650,175. This net present value was calculated using a discount rate equal to the estimated earnings rate of the Organization's cash equivalents from the investment portfolio, which was calculated to be approximately 1%.

The following is a summary of grants and pledges receivable at December 31, 2017:

Total grants and pledges receivable	$652,000
Discount ranging between 1% and 2% percent	(1,825)
Total	$650,175

As of December 31, 2017, grants and pledges receivable are expected in the following periods:

Year ending:	December 31, 2018	$607,000
	December 31, 2019	35,000
	December 31, 2020	10,000
		$652,000

Note 5- Fixed Assets, Net

Fixed assets consist of the following:

Furniture and fixtures	$478,022
Computers and equipment and software	834,563
Leasehold improvements	1,192,849
	2,505,434
Less: depreciation and amortization	(1,749,559)
Total	$755,875

Note 6- Line of Credit

On May 1, 2017, the Organization entered into a non-interest bearing credit agreement with an individual for an amount not to exceed $250,000. The Organization drew the full amount of the line during 2017 and the full balance remains outstanding at December 31, 2017. The loan was originally set to mature on May 1, 2018, however subsequent to year-end an amendment to the agreement was signed which extended the maturity date to November 1, 2018. The balance was paid in full as of September 30, 2018.

Note 7- Board Designated Reserve Fund for Future Operations

Management and the board of directors of the Organization have earmarked $2,500,000 to establish a reserve fund as a contingency reserve requiring explicit Board of Director approval prior to its use.

At December 31, 2017, the total reserve of $2,500,000 was unfunded.

Note 8- Temporarily Restricted Net Assets

During the year ended December 31, 2017, the following net assets were released from restriction:

Program restricted:	
National Security	$803,712
Anti-Semitism and Extremism	265,000
Anti-Trafficking	20,000
Refugees	2,139,968
Vets for American Ideals	546,600
Advocacy	12,500
Total program restricted	3,787,780
Endowment appropriations	3,496
Time restricted	1,432,500
Total	$5,223,776

Temporarily restricted net assets consist of:

Program restricted:	
National Security	$105,328
Anti-Semitism and Extremism	280,000
Refugees	400,000
Advocacy	137,500
Vets for American Ideals	205,000
Total program restricted	1,127,828
Endowment	19,442
Time restricted	22,000
Total	$1,169,270

Note 9- Permanently Restricted Net Assets

On August 31, 2001, the Organization received a donor contribution of $500,000 to be used to establish cash reserve endowment. Under the terms of the agreement, the donor must maintain the funds in an earmarked fund account specified by the donor.

In December 2011, the Organization received a donor endowment of $1,000,000 to be held in perpetuity (the "Fund"). Under the terms of the endowment agreement, the current board co-chair must approve both the investment of the Fund and any distributions made from the Fund. Income and appreciation earned on the principal may be used to promote policies and projects of the Organization. In addition, the current board co-chair may at any time direct any part or the entire Fund to be distributed for the same purposes.

Interpretation of Relevant Law

The Organization follows New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the Board of Directors has interpreted as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the fair value of the original gift will be preserved as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, the fair value of the original gift can be appropriated in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, permanently restricted net assets consist of: (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. Authorized distributions that are intended to be restored have not reduced the permanently restricted net asset balance.

Absent any specific donor stipulations, 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 board of directors. Endowment investments not restricted by donors (added to investments by the board of directors) are considered unrestricted.

Spending Policies

In accordance with NYPMIFA, 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 effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources available;
(7) The investment policies;
(8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization.

Changes in endowment net assets as of December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year-original	$0	$3,496	$1,000,000	$1,003,496
Reclassification – see Note 13	(250,000)	7,952	500,000	257,952
Endowment net assets, beginning of year-restated	(250,000)	11,448	1,500,000	1,261,448
Interest and dividend income	0	31,645	0	31,645
Transfers in	250,000	0	0	250,000
Transfers out	(597,412)	(32,588)	0	(630,000)
Net appreciation	0	8,937	0	8,937
Endowment net assets, end of year	($597,412)	$19,442	$1,500,000	$922,030

The breakdown of invested assets consists of the following:

Money market account	$11,690
Private agency loan fund	519,442
Fixed income securities	113,989
Mutual funds	276,909
Total	$922,030

Endowment Investment Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide sufficient income to meet various program and operational expenses, and to extend the pursuit of the Organization's mission in perpetuity.

A total return strategy is used, and investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A diversified asset allocation strategy is used that places a greater emphasis on equitybased investments to achieve its long-term return objectives within prudent risk constraints.

Under the terms of the $1,000,000 endowment, the Organization may appropriate for distribution each year the greater of the income and appreciation earned on the principal and an amount equal to 5% of the fair market value of the principal. In establishing this policy, the Organization considered the long term expected return on its endowment.

Funds with Deficiencies

The Organization had net borrowings against permanently restricted net assets of $597,412 at December 31, 2017.

Note 10- Contributed Services

A substantial number of unpaid volunteers, primarily attorneys, have made significant contributions of their time to develop the Organization's programs in the presentation of human rights. For the year ended December 31, 2017, the value of this contributed time has been included in these financial statements as contributed program service revenue and legal and related expenses in the amount of $62,090,920, which represents approximately 109,059 hours at an average hourly rate of $569.

Note 11- Retirement Plan

The Organization has a defined contribution retirement plan (the "Plan") under Section 403(b) of the Code. Participating employees make pre-tax contributions of up to the maximum allowable IRS limitation. All employees who are at least 21 years of age are eligible to participate in the Plan. The Organization's expense for the Plan was $80,576 for the year ended December 31, 2017.

The Organization also has a defined contribution retirement plan under Section 457(b) of the Internal Revenue code, which is open to a select group of management employees. While the Organization may contribute up to the maximum allowable amounts as defined by The Employee Retirement Income Security Act of 1974 ("ERISA"), it did not make any contributions for the year ended December 31, 2017. Participants may make pre-tax deferrals up to the IRS limit for any taxable year, which was $18,500 in 2017. The market value of the participants' account balance of $241,583 at year ended December 31, 2017 was included in other assets and other liabilities on the statement of financial position.

Note 12- Commitments

The Organization leased office space located at 333 Seventh Avenue, New York, NY under an arrangement that expired October 31, 2017.

The Organization signed a lease agreement for a new office that is located at 75 Broad Street, New York, NY. This began on November 1, 2014 and expires November 1, 2025. The Organization received a rent credit in the amount of $329,640 over the life of the lease and this amount is being amortized equally over the lease term.

The Organization signed a lease agreement for a 10-year period for the Washington D.C.

office, which began on January 1, 2013 and expires January 31, 2023. The Organization received a rent credit in the amount of $307,048 over the life of the lease and this amount is being amortized equally over the lease term.

The Organization's lease agreement for the Houston office space expired March 31, 2018. The Organization is currently occupying this space on a month-to-month basis.

Under U.S. GAAP, all rental payments, including fixed rent increases, less any rental abatements, are recognized on a straight-line basis over term of the respective lease. The difference between U.S. GAAP rent expense and the actual lease payments is reflected as deferred rent. Deferred rent, included on the statements of financial position amounted to $900,016 for the year ended December 31, 2017.

Future minimum annual lease payments are as follows:

Year ending	December 31, 2018	$1,265,512
	December 31, 2019	1,299,077
	December 31, 2020	1,377,421
	December 31, 2021	1,411,856
	December 31, 2022	1,447,152
	Thereafter	2,385,952
Total		$9,186,970

Total rent expense for facilities in 2017 was $1,570,455.

The Organization has entered into sublease agreements with various subtenants for the New York City office space located at 333 Seventh Avenue, New York, NY. Total sublease income included on the statement of activities was $176,133 for the year ended December 31, 2017.

Restricted cash
Included within restricted cash on the statements of financial position are:

Irrevocable letters of credit of $262,248 and $211,805 were accepted as security deposits by the landlords of the Washington DC office space and the New York City office space located at 75 Broad Street, New York, NY, respectively. As of December 31, 2017, the balance of the bank accounts holding the letters of credit, including accrued interest, is $476,384.

Note 13- Prior Period Adjustment

A prior period adjustment was made to reclassify $5,098,852 of funds from temporarily restricted net assets to unrestricted net assets. In 2014 and 2015 multi-year pledges that had implied time restrictions were recorded in the temporarily restricted class of net assets. As cash was received, the net assets were erroneously not released from restriction.

An additional prior period adjustment was made to reclassify a permanently restricted endowment which had previously been classified as unrestricted. See Note 9 for a detail of the impact of this reclassification on each net asset category.