Human Rights First

Financial Statements
Year Ended December 31, 2013

Human Rights First

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Human Rights First

Contents

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Independent Auditor's Report

Board of Directors
Human Rights First
New York, New York

We have audited the accompanying financial statements of Human Rights First (the "Organization"), which comprise the statement of financial position as of December 31, 2013, 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 entity'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 entity'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.

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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2012 financial statements and our report, dated May 10, 2013, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

June 9, 2014

Human Rights First

Statement of Financial Position
(with comparative totals for 2012)

December 31,	**2013**	2012
Assets		
Current Assets:		
Cash and cash equivalents (Note 2)	**$ 1,121,305**	$ 877,344
Investments at fair value (Notes 2 and 3)	**6,639,362**	7,544,278
Grants and pledges receivable, net, current portion (Notes 2 and 4)	**3,875,540**	3,713,300
Other receivables	**97,860**	97,613
Prepaid expenses and other assets	**227,941**	173,557
Total Current Assets	**11,962,008**	12,406,092
Grants and Pledges Receivable, Less Current Portion (Notes 2 and 4)	**3,178,983**	2,098,230
Security Deposit	**89,922**	104,840
Fixed Assets, Net (Notes 2 and 5)	**520,089**	654,179
	$15,751,002	$15,263,341
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable, accrued expenses and other liabilities	**$ 687,166**	$ 831,630
Deferred event revenue, current portion (Note 2)	**-**	25,960
Total Current Liabilities	**687,166**	857,590
Deferred Rent (Note 12)	**299,286**	-
Total Liabilities	**986,452**	857,590
Commitments (Notes 6 and 12)		
Net Assets (Notes 2, 7, 8 and 10):		
Unrestricted	**3,849,077**	4,548,547
Unrestricted – Board designated fund for future operations	**2,500,000**	2,500,000
Total Unrestricted Net Assets	**6,349,077**	7,048,547
Temporarily restricted	**7,415,473**	6,357,204
Permanently restricted	**1,000,000**	1,000,000
Total Net Assets	**14,764,550**	14,405,751
	$15,751,002	$15,263,341

See accompanying notes to financial statements.

Human Rights First

Statement of Activities
(with comparative totals for 2012)

Year ended December 31,

	Unrestricted				Total	
	Current	Board Designated	Temporarily Restricted	Permanently Restricted	**2013**	2012
Revenues and Other Support:						
Grants, pledges and contributions	$ 4,854,962	$ -	$ 6,733,920	$ -	**$11,588,882**	$10,214,207
Contributed program services (Note 11)	33,420,691	-	-	-	**33,420,691**	29,568,765
Interest and dividend income	169,871	-	37,999	-	**207,870**	198,248
Realized and unrealized gain (loss) on investment	(79,470)	-	(20,133)	-	**(99,603)**	104,415
Other income (Note 12)	462,412	-	-	-	**462,412**	406,112
Net assets released from restrictions (Note 9)	5,693,517	-	(5,693,517)	-	**-**	-
Total Revenues and Other Support	44,521,983	-	1,058,269	-	**45,580,252**	40,491,747
Expenses:						
Program services:						
Fighting Discrimination	474,624	-	-	-	**474,624**	519,367
Refugee Protection/Asylum	36,765,499	-	-	-	**36,765,499**	32,148,247
Human Rights Defenders	514,318	-	-	-	**514,318**	435,123
Communications	2,898,162	-	-	-	**2,898,162**	2,288,960
Law and Security	1,032,658	-	-	-	**1,032,658**	1,122,088
Crimes Against Humanity	411,947	-	-	-	**411,947**	578,119
Business and Human Rights	206,688	-	-	-	**206,688**	241,119
Total Program Services	42,303,896	-	-	-	**42,303,896**	37,333,023
Supporting services:						
Management and general	1,449,121	-	-	-	**1,449,121**	1,284,836
Fundraising and development	1,468,436	-	-	-	**1,468,436**	1,249,894
Total Supporting Services	2,917,557	-	-	-	**2,917,557**	2,534,730
Total Expenses	45,221,453	-	-	-	**45,221,453**	39,867,753
Change in Net Assets	(699,470)	-	1,058,269	-	**358,799**	623,994
Net Assets, Beginning of Year	4,548,547	2,500,000	6,357,204	1,000,000	**14,405,751**	13,781,757
Net Assets, End of Year	**$ 3,849,077**	**$2,500,000**	**$ 7,415,473**	**$1,000,000**	**$14,764,550**	$14,405,751

See accompanying notes to financial statements.

Human Rights First

Statement of Functional Expenses
(with comparative totals for 2012)

Year ended December 31,

	Program Services								Supporting Services			Total	
	Fighting Discrimination	Refugee Protection/ Asylum	Human Rights Defenders	Communications	Law and Security	Crimes Against Humanity	Business and Human Rights	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	**2013**	2012
Salaries and Related Expenses:													
Salaries	$268,820	$ 2,396,535	$299,957	$ 955,780	$ 566,286	$242,735	$111,490	$ 4,841,603	$ 477,284	$ 700,448	$1,177,732	**$ 6,019,335**	$ 5,285,192
Payroll taxes and fringe benefits	61,600	512,938	63,098	203,920	124,464	55,520	26,704	1,048,244	109,906	153,733	263,639	**1,311,883**	1,156,693
Total Salaries and Related Expenses	330,420	2,909,473	363,055	1,159,700	690,750	298,255	138,194	5,889,847	587,190	854,181	1,441,371	**7,331,218**	6,441,885
Other Expenses:													
Consultants and professional fees	2,277	180,608	4,568	310,624	74,012	16,727	16,428	605,244	109,313	38,326	147,639	**752,883**	571,977
Legal related services (Note 11)	3,750	32,374,316	4,063	691,310	8,158	3,254	1,633	33,086,484	334,207	-	334,207	**33,420,691**	29,568,765
Travel and meals	25,181	130,447	31,813	31,053	34,904	4,121	7,403	264,922	18,128	24,949	43,077	**307,999**	291,099
Printing	324	24,096	356	17,982	714	278	143	43,893	12,925	25,984	38,909	**82,802**	63,099
Photo, video and advocacy	378	230	203	32,868	6	3	1	33,689	103	-	103	**33,792**	71,231
Dues, subscriptions and books	1,467	38,606	652	6,847	1,243	344	723	49,882	4,668	1,976	6,644	**56,526**	84,807
Staff training and seminars	3,246	27,020	2,127	6,274	4,617	226	113	43,623	15,192	5,867	21,059	**64,682**	34,904
Events and conferences	11,434	117,503	4,572	249,814	25,995	814	408	410,540	6,050	248,131	254,181	**664,721**	655,027
Legal and filing fees	383	8,223	114	644	229	92	46	9,731	9,176	700	9,876	**19,607**	14,759
On-line services	-	13	-	27,822	-	-	-	27,835	-	-	-	**27,835**	58,747
Postage and delivery	343	8,310	349	1,510	693	329	190	11,724	1,497	12,499	13,996	**25,720**	18,957
Advertising and recruiting	130	10,077	141	794	283	113	57	11,595	11,596	-	11,596	**23,191**	7,051
Occupancy	68,073	675,842	69,321	226,163	134,776	60,863	29,974	1,265,012	266,238	164,930	431,168	**1,696,180**	1,315,569
Telephone and website	9,568	85,449	11,811	71,439	20,148	11,046	3,995	213,456	16,638	26,361	42,999	**256,455**	235,520
Copying	2,051	16,912	2,119	6,756	4,017	1,784	867	34,506	3,505	5,178	8,683	**43,189**	30,212
Office supplies	2,288	22,408	2,303	9,338	4,465	2,116	997	43,915	7,436	7,162	14,598	**58,513**	51,559
Bank, investment management and payroll fees	2,087	22,866	2,344	7,565	4,441	1,690	792	41,785	4,741	22,741	27,482	**69,267**	70,252
Repairs, maintenance and rental	4,269	37,056	6,527	14,049	8,524	3,791	1,845	76,061	9,982	10,332	20,314	**96,375**	112,349
Miscellaneous	18	1,308	147	610	39	14	9	2,145	1,103	1,569	2,672	**4,817**	22,149
Total Expenses Before Depreciation and Amortization	467,687	36,690,763	506,585	2,873,162	1,018,014	405,860	203,818	42,165,889	1,419,688	1,450,886	2,870,574	**45,036,463**	39,719,918
Depreciation and Amortization	6,937	74,736	7,733	25,000	14,644	6,087	2,870	138,007	29,433	17,550	46,983	**184,990**	147,835
Total Expenses	**$474,624**	**$36,765,499**	**$514,318**	**$2,898,162**	**$1,032,658**	**$411,947**	**$206,688**	**$42,303,896**	**$1,449,121**	**$1,468,436**	**$2,917,557**	**$45,221,453**	$39,867,753

See accompanying notes to financial statements.

Human Rights First

Statement of Cash Flows
(with comparative totals for 2012)

Year ended December 31,	**2013**	2012
Cash Flows From Operating Activities:		
Change in net assets	**$ 358,799**	$ 623,994
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**184,990**	147,835
Change in present value of pledges receivable	**30,634**	33,918
Unrealized (gain) loss on investments	**155,544**	(87,737)
Realized (gain) loss on investments	**(55,941)**	(16,678)
Donated securities	**(79,951)**	(98,052)
(Increase) decrease in:		
Grants and pledges receivable	**(1,273,627)**	(6,635)
Other receivables	**(247)**	33,998
Prepaid expenses and other assets	**(54,384)**	(141,011)
Security deposit	**14,918**	159
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	**(144,464)**	222,007
Deferred event revenue	**(25,960)**	25,960
Deferred rent	**299,286**	-
Net Cash (Used In) Provided By Operating Activities	**(590,403)**	737,758
Cash Flows From Investing Activities:		
Proceeds from sale of investments	**6,877,071**	1,100,655
Purchase of investments	**(5,991,807)**	(3,076,627)
Purchases of fixed assets	**(50,900)**	(456,958)
Net Cash Provided By (Used In) Investing Activities	**834,364**	(2,432,930)
Net Increase (Decrease) in Cash and Cash Equivalents	**243,961**	(1,695,172)
Cash and Cash Equivalents, Beginning of Year	**877,344**	2,572,516
Cash and Cash Equivalents, End of Year	**$ 1,121,305**	$ 877,344

See accompanying notes to financial statements.

1. Nature of Organization

Human Rights First (the "Organization") was founded in 1978 and has worked in the U.S. and abroad to protect and defend the dignity of each individual through respect for human rights and the rule of law. The Organization works to protect individuals at risk: refugees fleeing persecution, victims of crimes against humanity or other mass human rights violations, victims of discrimination, those whose rights are eroded in the name of national security and human rights advocates who are targeted for defending the rights of others.

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.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the Organization have been prepared on an accrual basis. In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are reflected in order of their maturity resulting in the use of cash, respectively.

(b) Financial Statement Presentation

The classification of the Organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

(i) **Permanently Restricted –** Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

(ii) **Temporarily Restricted –** Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

(iii) **Unrestricted – Board designated for future operations –** Net assets consisting of all monies or assets contributed to the Organization, which are designated for future operations by the Board of Directors of the Organization.

(iv) **Unrestricted –** That part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations and/or the net assets which the Board of Directors has to use in carrying on the operations of the Organization.

(c) Cash and Cash Equivalents

The Organization considers all cash and highly liquid debt instruments purchased with an original maturity of three months or less at time of purchase to be cash equivalents.

(d) Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, "Fair Value Measurement", establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Organization would use in pricing the Organization's asset or liability based on independently derived and objectively determinable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Organization are traded. The Organization estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers administering each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

Level 3 – Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

(e) Investment Impairment

The Organization's investments primarily consist of money market funds, equities, fixed income securities, mutual funds and a private agency loan fund. At December 31, 2013, the Organization has deemed that all securities, which were in an unrealized loss position, were temporarily impaired. Positive evidence considered in reaching the Organization's conclusion that the unrealized loss for certain securities is not other-than-temporary consisted of:

(a) there were no specific events which caused concerns;

(b) the ability and intent to retain the investment for a sufficient amount of time to allow an anticipated recovery in value; and

(c) determining that the changes in market value were reasonable in relation to overall fluctuations in market conditions.

(f) Contributions and Grants

Contributions and grants are recorded as revenue when either unsolicited cash is received or when donors make an unconditional promise to give. Contributions and grants are classified as either unrestricted, temporarily restricted, or permanently restricted support.

(g) Contributed Services

Contributed services are recognized as revenue and expenses if services meet the criteria for recognition as stated in ASC 958, "Not-for-Profit Entities".

(h) Contract Revenue and Deferred Revenue

Revenues derived from contracts are treated as exchange transactions. Revenues are recognized as the Organization incurs the related expenses, up to the maximum award received. All receipts not expended are classified as deferred revenue until such time as they are utilized for their specific purpose.

(i) Fixed Assets

Fixed assets are stated at cost. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method over the estimated useful lives of the assets and is reported for financial statement purposes as follows:

Leasehold improvements	10 years or lease term
Furniture and fixtures	5 years
Computers and equipment and software	3 years

(j) Income Taxes

The Organization is a charitable organization that is exempt from Federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code and qualifies for the maximum charitable contribution deduction by individual donors. There was no unrelated business income for 2013 and 2012.

Under ASC 740, "Income Taxes", an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. For the years ended December 31, 2013 and 2012, there were no interest or penalties recorded or included in the statements of activities. The Organization is subject to routine audit by a taxing authority. As of December 31, 2013 and 2012, the Organization was not subject to any examination by a taxing authority. The Organization believes it is no longer subject to income tax examinations for the years prior to 2010.

(k) Use of Estimates

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Net Asset Classification

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). This law, which is a modified version of UPMIFA, makes significant changes to the rules governing how New York not-for-profit organizations may manage, invest and spend their endowment funds. The new law is designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times. This should provide some relief to organizations that, due to the recent economic downturn, have found themselves with underwater endowments. It also expands the options available to organizations seeking relief from donor restrictions on funds that have become obsolete, impracticable or wasteful. NYPMIFA applies to New York not-for-profit, education and religious corporations, associations organized and operated exclusively for charitable purposes, and certain trusts. The adoption of this law did not have a material effect on the Organization's financial statements.

(m) Provision for Doubtful Accounts

The Organization maintains an allowance for doubtful accounts for accounts receivable which are specifically identified by management as to their uncertainty in regards to collectibility.

(n) Functional Allocation of Expenses

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

(o) Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits. At various times during the year, the Organization may have cash deposits at financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalent accounts.

(p) Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012 from which the summarized information was derived.

(q) Recently Issued Accounting Pronouncement

In October 2012, the FASB issued Accounting Standards Update ("ASU") 2012-05, "Statement of Cash Flows: Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows." ASU 2012-05 requires a not-for-profit to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit imposed restrictions for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those securities would be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts would be classified as cash flows from financing activities. Otherwise, receipts from the sale of donated securities would be classified as cash flows from investing activities by the not-for-profit. The amendments are to be applied prospectively and are effective for fiscal years beginning after June 15, 2013. Management is currently evaluating the effect that the provisions of ASU 2012-05 will have on the financial statements.

3. Investments and Fair Value Measurements

The Organization's cost and fair value of investments are as follows:

December 31, 2013

	Fair Value	Cost
Money market funds	**$ 61,294**	**$ 61,294**
Equities	**102,415**	**88,195**
Fixed income securities	**484,918**	**485,081**
Mutual funds	**5,081,024**	**5,164,831**
Private agency loan fund	**909,711**	**909,711**
	$6,639,362	**$6,709,112**

December 31, 2012

	Fair Value	Cost
Money market funds	$ 681,337	$ 681,337
Equities	117,733	118,782
Fixed income securities	1,991,885	1,966,467
Mutual funds	3,867,650	3,806,733
Private agency loan fund	885,673	885,673
	$7,544,278	$7,458,992

Net investment income consisted of the following:

Year ended December 31,	**2013**	2012
Interest and dividend income	**$207,870**	$198,248
Net gain (loss) on investments	**(99,603)**	104,415
	$108,267	$302,663

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 2(d) for a discussion of the Organization's policies regarding this hierarchy.

A description of the valuation techniques applied to the Organization's major categories of assets and liabilities measured at fair value are as follows:

Money Market Funds

Money market funds are stated at cost which approximates fair value and are classified as Level 1.

Equities

For its investments with asset managers that hold public common and preferred stocks, the Organization has position level transparency into individual holdings. These investments are priced by the Organization's investment manager using nationally recognized pricing services based on observable market data and are classified as Level 1.

Fixed Income Securities

The Organization has investments in fixed income securities comprised of closed-end funds and exchanged-traded products. These investments are priced by the Organization's investment manager using nationally recognized pricing services based on observable market data and are classified as Level 1.

Mutual Funds

The Organization has investments in mutual funds. For these investments, the Organization has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. Each mutual fund's net asset value ("NAV") is the value of a single share which is actively traded on national securities exchanges. The mutual funds are valued on a daily basis at the close of business day. These funds are valued primarily on the basis of market quotation or on the basis of information furnished by a nationally recognized pricing service based on observable market data and are classified as Level 1.

Private Agency Loan Fund

The Organization has an investment in a fund held through a foundation of philanthropic funds. The philanthropic funds primarily consist of money market funds and loans valued at the market rate. As of December 31, 2013, the cost of this investment approximates the fair value. The private agency loan fund is classified as a Level 2 measurement of the fair value hierarchy.

The following tables present 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, 2013 and 2012. The assets are presented on a desegregated basis by class, determined by the nature and risk associated with the investment.

December 31, 2013

	Total at December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds	**$ 61,294**	**$ 61,294**	**$ -**	**$ -**
Equities	**102,415**	**102,415**	**-**	**-**
Fixed income securities	**484,918**	**484,918**	**-**	**-**
Mutual funds	**5,081,024**	**5,081,024**	**-**	**-**
Private agency loan fund	**909,711**	**-**	**909,711**	**-**
Total	**$6,639,362**	**$5,729,651**	**$909,711**	**$ -**

December 31, 2012

	Total at December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds	$ 681,337	$ 681,337	$ -	$ -
Equities	117,733	117,733	-	-
Fixed income securities	1,991,885	1,991,885	-	-
Mutual funds	3,867,650	3,867,650	-	-
Private agency loan fund	885,673	-	885,673	-
Total	$7,544,278	$6,658,605	$885,673	$ -

The Organization had no financial assets or financial liabilities that were measured at fair value on a nonrecurring basis during the years ended December 31, 2013 and 2012. In addition, there were no transfers between levels during the years ended December 31, 2013 and 2012.

4. Grants and Pledges Receivable

At December 31, 2013 and 2012, the net present value of grants and pledges receivable is $7,054,523 and $5,811,530, respectively. Net present value was calculated using a discounted rate equal to the estimated earnings rate of the Organization cash equivalents from the investment portfolio. At December 31, 2013 and 2012, the estimated earnings rate of the Organization's cash equivalents was calculated to be approximately 2%.

Net present value of grants and pledges receivable at December 31, 2013 and 2012 is summarized below:

December 31,	**2013**	2012
Total grants and pledges receivable	**$7,180,926**	$5,907,300
Discount at 2%	**(82,403)**	(51,770)
Net present value of grants and pledges receivable before allowance for doubtful accounts	**7,098,523**	5,855,530
Less: Allowance for doubtful accounts	**(44,000)**	(44,000)
	$7,054,523	$5,811,530

Grants and pledges receivable consist of the following at December 31, 2013 and 2012:

December 31,	**2013**	2012
Amounts expected to be collected in:		
Less than one year	**$3,875,540**	$3,713,300
Two to five years	**3,178,983**	2,098,230
	$7,054,523	$5,811,530

5. Fixed Assets, Net

Fixed assets, net, stated at cost, consist of the following:

December 31,	**2013**	2012
Furniture and fixtures	**$ 347,346**	$ 339,989
Computers and equipment and software	**582,112**	511,605
Leasehold improvements	**950,355**	1,021,291
	1,879,813	1,872,885
Less: Accumulated depreciation	**(1,359,724)**	(1,218,706)
	$ 520,089	$ 654,179

Depreciation expense for the years ended December 31, 2013 and 2012 was $184,990 and $147,835, respectively.

6. Retirement Plan

The Organization has a defined contribution retirement plan (the "Plan") under Section 403(b) of the Code. Participating employees make pretax 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 $222,915 and $255,089, for the years ended December 31, 2013 and 2012, respectively. Forfeitures in the amount of $11,087 and $15,042 were applied for 2013 and 2012, respectively, which reduced the pension expense for the years ended December 31, 2013 and 2012.

The Organization also has a defined contribution retirement plan under Section 457 of the Code (the "457 Plan"). The 457 Plan is open to a select group of management employees of the Organization. The Organization may contribute up to the maximum allowable amounts as defined by The Employee Retirement Income Security Act of 1974 ("ERISA") for the calendar year in which the contribution is made. The Organization made a contribution of $-0- to the 457 Plan for the years ended December 31, 2013 and 2012. Participant employees may make pre-tax deferrals up to the Internal Revenue Service limit for any taxable year. The limit for 2013 and 2012 was $17,500 and $17,000, respectively. The market value of the participants' account balance at December 31, 2013 and 2012 was $163,504 and $110,632, respectively, and is included in other assets and other liabilities on the statement of financial position.

7. Board Designated for Future Operations Net Assets

The Board designated for future operations net assets consist of the following:

December 31,	**2013**	2012
Board-designated Reserve Fund	**$2,500,000**	$2,500,000

The management and Board of Directors of the Organization have earmarked $2,500,000 of the above funds to be used to establish a reserve fund ("Reserve Fund"). The Board established this fund as a contingency reserve requiring explicit Board approval prior to its use.

The reserve fund assets are held in interest bearing money market accounts included in the cash and cash equivalents on the statement of financial position.

8. Temporarily Restricted Net Assets

The temporarily restricted net assets are available for the following purposes or period:

December 31,	**2013**	2012
General support	**$2,981,331**	$4,071,612
Law and security	**2,259,142**	567,000
New Jersey – asylum	**-**	75,000
Refugee project	**2,175,000**	1,643,592
	$7,415,473	$6,357,204

9. Net Assets Released From Restrictions

During the years ended December 31, 2013 and 2012, temporarily restricted net assets of $5,693,517 and $5,649,793, respectively, were released from donor-imposed time restrictions.

10. Endowment Fund

In December 2011, the Organization received a donor-restricted endowment of $1,000,000 to be held in perpetuity in a separate permanent fund (the "Fund"). Under the terms of the endowment agreement, the donor must approve both the investment of the Fund and any distributions made from the Fund. In addition, the donor may at any time direct any part or the entire Fund to be distributed to promote the policies and projects of the Organization.

The Board of Directors of the Organization has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. The Organization has classified the Fund as part of permanently restricted net assets which includes the following:

- the original value of gifts donated to the permanent endowment;
- the original value of subsequent gifts to the permanent endowment; and
- accumulation of the permanent endowment made in accordance with the direction of applicable donor instructions.

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 Organization in a manner consistent with the donor's intent. Subject to the intent of a donor expressed in the gift instrument, the Board may appropriate for expenditure or accumulate so much of an endowment fund as the Board determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of the Organization and the donor-restricted endowment fund;

- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of the Organization;
- 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; and
- the investment policies of the Organization.

The following tables provide reconciliation of the change in the Organization's endowment net assets for the years ended December 31, 2013 and 2012:

December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	**$ -**	**$ 57,538**	**$1,000,000**	**$1,057,538**
Net appreciation	**-**	**(20,133)**	**-**	**(20,133)**
Interest and dividend income	**-**	**37,999**	**-**	**37,999**
	$ -	**$ 75,404**	**$1,000,000**	**$1,075,404**

December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$1,000,000	$1,000,000
Net appreciation	-	22,404	-	22,404
Interest and dividend income	-	35,134	-	35,134
	$ -	$57,538	$1,000,000	$1,057,538

The breakdown of invested assets is as follows:

December 31, 2013

Money market funds	**$ 11,647**
Equities	**34,869**
Fixed income securities	**42,757**
Mutual funds	**986,131**
	$1,075,404

December 31, 2012

Money market funds	$ 11,802
Equities	50,394
Fixed income securities	262,661
Mutual funds	732,681
	$1,057,538

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.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation.

For gift instruments executed upon or after September 17, 2010, the Organization may appropriate for distribution each year 7% of the fair market value of an endowment fund calculated on a basis of market values determined at least quarterly and averaged over a period of not less than five years immediately preceding the year in which the appropriation for expenditure is made. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually.

In 2013, the Board of Directors did not approve any amounts for appropriation.

11. 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 preservation of human rights. For the years ended December 31, 2013 and 2012, 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 $33,420,691 and $29,568,765, respectively. For these contributed services, the time allotted by the respective law firms for the years ended December 31, 2013 and 2012 totaled approximately 68,300 and 65,600 hours, respectively, which yielded an average hourly rate of $480 and $440, respectively.

12. Commitments

The Organization leases New York office space under arrangements expiring October 31, 2017.

The Organization also signed a lease agreement for a 10-year period for the Washington D.C. office which began on January 1, 2013. The Organization received a rent credit in the amount of $307,048, which is being amortized on a straight-line basis over the term of the lease. At December 31, 2013, $299,286 of deferred rent is included in other liabilities on the statement of financial position.

Future minimum annual lease payments are as follows:

Year ending December 31,	
2014	$1,523,344
2015	1,558,964
2016	1,595,418
2017	1,457,096
2018	600,353
Thereafter	2,611,905
	$9,347,080

Total rent expense, including rent escalations, for facilities for the years ended December 31, 2013 and 2012 was $1,595,392 and $1,213,619, respectively

The Organization has entered into various sublease agreements for a portion of the New York City office space. For the years ended December 31, 2013 and 2012, total sublease income was $367,935 and $388,355, respectively, which is included in other income on the statement of activities.

13. Subsequent Events

The Organization's management has performed subsequent events procedures through June 9, 2014, which is the date the financial statements were available to be issued. On May 5, 2014, the Organization signed a new lease agreement to sublease an office space at a new location. The lease expires in March 2025.