SCHALL & ASHENFARB Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

HUMAN RIGHTS FIRST

Audited Financial Statements

December 31, 2018

307 Fifth Avenue, 15th Floor
New York, New York 10016
Tel: (212) 268-2800 Fax: (212) 268-2805
www.schallandashenfarb.com

SCHALL & ASHENFARB Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

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, 2018, 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.

307 Fifth Avenue, 15th Floor
New York, New York 10016
Tel: (212) 268-2800 Fax: (212) 268-2805
www.schallandashenfarb.com

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, 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Society adopted Accounting Standards Update No. 2016-14, *"Presentation of Financial Statements of Not-for-Profit Entities" Topic (958)*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

April 30, 2019

HUMAN RIGHTS FIRST
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2018
(With comparative totals at December 31, 2017)

	12/31/18	12/31/17*
Assets		
Cash and cash equivalents	$665,097	$770,160
Investments (Note 3)	2,218,133	21,153
Grants and pledges receivable, net (Note 4)	4,775,646	650,175
Prepaid expenses and other assets	113,325	334,600
Other receivables	74,214	61,409
Security deposits	131,124	1,656
Restricted cash (Note 12)	212,770	476,384
Investments restricted for endowment (Notes 3 and 8)	1,004,885	922,030
Fixed assets, net (Note 5)	587,699	755,875
Total assets	$9,782,893	$3,993,442
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$204,091	$416,413
Accrued payroll and related liabilities	246,578	261,576
Line of credit (Note 6)	0	250,000
Deferred rent	895,544	900,016
Total liabilities	1,346,213	1,828,005
Commitments and contingencies (Note 12)		
Net assets:		
Without donor restrictions	1,306,262	93,579
With donor restrictions (Note 7)	7,130,418	2,071,858
Total net assets	8,436,680	2,165,437
Total liabilities and net assets	$9,782,893	$3,993,442

*Restated - see Note 2a

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, 2018
(With comparative totals for the year ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions				Total 12/31/18	Total 12/31/17
		Donor Restricted Time	Donor Restricted Programs	Donor Restricted Endowment	Total		
Public support and revenue:							
Public support:							
Contributions	$6,459,536	$4,460,000	$3,396,888		$7,856,888	$14,316,424	$4,995,004
Special event	1,821,762				0	1,821,762	1,976,608
Contributed program services	60,609,107				0	60,609,107	62,090,920
Fellowship income	237,797				0	237,797	342,329
Investment income	30,870			($27,145)	(27,145)	3,725	57,606
Miscellaneous income	164,839				0	164,839	301,602
Net assets released from restriction	2,881,183	(22,000)	(2,859,183)		(2,881,183)	0	0
Total public support and revenue	72,205,094	4,438,000	537,705	(27,145)	4,948,560	77,153,654	69,764,069
Expenses:							
Program services							
Refugee protection	65,728,074				0	65,728,074	66,825,115
National security	745,755				0	745,755	803,311
General advocacy					0	0	358,451
Foreign policy	1,242,817				0	1,242,817	2,344,431
VFAI	642,640				0	642,640	533,045
Communications and marketing	467,089				0	467,089	608,665
Total program services	68,826,375	0	0	0	0	68,826,375	71,473,018
Supporting services:							
Management and general	1,128,038				0	1,128,038	1,183,631
Fundraising	927,998				0	927,998	944,573
Total supporting services	2,056,036	0	0	0	0	2,056,036	2,128,204
Total expenses	70,882,411	0	0	0	0	70,882,411	73,601,222
Change in net assets	1,322,683	4,438,000	537,705	(27,145)	4,948,560	6,271,243	(3,837,153)
Transfers, net (See Note 8)	(110,000)			110,000	110,000	0	0
Net assets - beginning of year - as originally stated	(503,833)	22,000	1,127,828	1,519,442	2,669,270	2,165,437	6,002,590
Reclassification - ASU 2016-14 (Note 2a)	597,412			(597,412)	(597,412)	0	0
Net assets - beginning of year - restated	93,579	22,000	1,127,828	922,030	2,071,858	2,165,437	6,002,590
Net assets - end of year	$1,306,262	$4,460,000	$1,665,533	$1,004,885	$7,130,418	$8,436,680	$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, 2018
(With comparative totals for the year ended December 31, 2017)

	Program Services						Supporting Services				
	Refugee Protection	National Security	Foreign Policy	VFAI	Communications & Marketing	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 12/31/18	Total Expenses 12/31/17*
Salaries	$3,042,404	$432,117	$662,931	$291,866	$223,143	$4,652,461	$541,908	$436,108	$978,016	$5,630,477	$6,696,625
Payroll taxes and benefits	673,195	101,485	155,800	64,796	47,460	1,042,736	131,069	100,144	231,213	1,273,949	1,392,558
Consultants and professional fees	104,114	2,882	70,453	93,622	51,753	322,824	58,265	70,467	128,732	451,556	330,452
Legal and related services	60,498,842		83,284			60,582,126	26,981		26,981	60,609,107	62,090,920
Travel and meals	108,727	5,446	7,548	7,042	590	129,353	5,917	7,593	13,510	142,863	168,791
Printing and promotional	1,491	39,741	292	764	4,378	46,666	30	4,472	4,502	51,168	54,429
Dues and subscriptions	36,999	337	133	252	37,115	74,836	1,327	1,919	3,246	78,082	43,446
Staff training/seminars	10,093	1,305	55	7,771	1,775	20,999	379	21	400	21,399	32,584
Events & conferences	108,720	10,709	25,323	75,533	908	221,193	2,422	273,425	275,847	497,040	377,475
On-line services	513	243		111	22,420	23,287			0	23,287	39,833
Postage & delivery	11,979	885	1,414	1,924	451	16,653	2,108	4,234	6,342	22,995	23,381
Recruiting	2,011	19	31	16	37	2,114	121,642	19	121,661	123,775	5,362
Occupancy	755,614	103,694	161,201	68,393	52,722	1,141,624	162,820	102,957	265,777	1,407,401	1,714,821
Telephone & website	60,892	8,927	14,906	5,534	4,712	94,971	11,354	8,740	20,094	115,065	153,826
Copying	33,994	5,073	7,815	3,358	2,439	52,679	6,360	5,226	11,586	64,265	55,270
Office supplies	24,147	1,358	1,947	1,485	782	29,719	13,550	1,969	15,519	45,238	35,116
Bank, investment and other fees	18,418	825	1,153	582	394	21,372	3,033	36,929	39,962	61,334	48,293
Repairs and maintenance	58,572	5,401	8,151	3,659	3,122	78,905	9,847	22,318	32,165	111,070	113,543
Insurance	40,116	5,957	9,149	3,939	3,049	62,210	6,020	5,871	11,891	74,101	69,739
Miscellaneous	19,846	427	104	38	37	20,452	3,009	256	3,265	23,717	13,789
Depreciation	117,387	18,924	31,127	11,955	9,802	189,195	19,997	18,728	38,725	227,920	299,154
Total expenses before direct benefit expense netted with revenue	65,728,074	745,755	1,242,817	642,640	467,089	68,826,375	1,128,038	1,101,396	2,229,434	71,055,809	73,764,844
Less: direct special event expenses netted with revenue						0		(173,398)	(173,398)	(173,398)	(163,622)
Total expenses	$65,728,074	$745,755	$1,242,817	$642,640	$467,089	$68,826,375	$1,128,038	$927,998	$2,056,036	$70,882,411	$73,601,222

*Reclassified for comparative purposes

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, 2018
(With comparative totals for the year ended December 31, 2017)

	12/31/18	12/31/17
Cash flows from operating activities:		
Change in net assets	$6,271,243	($3,837,153)
Adjustments to reconcile change in net assets to net cash flows provided by/(used for) operating activities:		
Depreciation	227,920	299,154
Net loss/(gain) on investments	36,879	(14,452)
Changes in assets and liabilities:		
Grants and pledges receivable	(4,125,471)	2,941,271
Prepaid expenses and other assets	221,275	(6,786)
Other receivables	(12,805)	96,905
Accounts payable and accrued expenses	(212,322)	(234,994)
Accrued payroll and related liabilities	(14,998)	118,011
Deferred rent	(4,472)	42,363
Total adjustments	(3,883,994)	3,241,472
Net cash flows provided by/(used for) operating activities	2,387,249	(595,681)
Cash flows from investing activities:		
Purchase of fixed assets	(59,744)	(3,350)
Purchases of investments	(6,782,188)	(1,975,588)
Proceeds from sales of investments	4,336,006	2,719,503
Net cash flows (used for)/provided by investing activities	(2,505,926)	740,565
Cash flows from financing activities:		
Decrease in restricted cash	263,614	33,387
Repayment of line of credit	(250,000)	0
Proceeds from line of credit	0	250,000
Net cash flows provided by financing activities	13,614	283,387
Net (decrease)/increase in cash and cash equivalents	(105,063)	428,271
Cash and cash equivalents - beginning of year	770,160	341,889
Cash and cash equivalents - end of year	$665,097	$770,160
Supplemental disclosure of cash flow information:		
Total interest and income taxes paid	$0	$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, 2018

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 40 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. It has 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.

Effective, January 1, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016- 14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 13).

Implementation of ASU 2016-14 required the following reclassification of net assets as of December 31, 2017:

	ASU 2016-14 Reclassification		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
2017 ending net assets as previously presented:			
Unrestricted	($503,833)	$0	($503,833)
Temporarily restricted	0	1,169,270	1,169,270
Permanently restricted	0	1,500,000	1,500,000
Reclassification to implement ASU 2016-14:			
Underwater endowments	597,412	(597,412)	0
2017 ending net assets, restated	$93,579	$2,071,858	$2,165,437

b. Basis of Presentation

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

- *Net assets without donor restrictions* – accounts for activity without donor-imposed restrictions. Under this category, the Organization maintains a general operating fund and a board designated reserve fund. 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, 2018 and 2017, the total reserve of $2,500,000 was unfunded.

- *Net assets with donor restrictions* – relates to contributions of cash and other assets with donor stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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 the Organization has not experienced any losses due to bank failure.

e. Revenue Recognition

Contributions are recorded in the net asset class of without donor restrictions or with donor restrictions based on the existence of any donor stipulations. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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, net of investment fees, 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 one year or less 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 net assets without donor restrictions.

i. Allowance for Doubtful Accounts

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

j. 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.

k. 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, 2015 and later are subject to examination by applicable taxing authorities.

l. 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.

m. 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. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries, payroll tax and benefits
- Insurance
- Office and program supplies
- Telephone
- Postage
- Rent and utilities
- Equipment rental
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

n. 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.

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

p. Summarized Comparative Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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, 2017, from which the summarized information was derived.

q. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through April 30, 2019, 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.

r. New Accounting Pronouncement
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 summarizes investments at year end date:

	12/31/18	12/31/17
Investments	$2,218,133	$21,153
Investments restricted for endowment	1,004,885	922,030
Total	$3,223,018	$943,183

The following is a breakdown of significant investment classes:

	12/31/18		12/31/17	
	Fair Value	Cost	Fair Value	Cost
Money market funds	$2,026,641	$2,026,842	$26,628	$26,658
Mutual funds – fixed income	312,938	315,381	279,900	280,332
Mutual funds - equities	222,788	238,514	0	0
Equities	80,835	39,725	0	0
Exchange traded funds	60,567	64,132	117,213	117,638
Private agency loan fund	519,249	519,249	519,442	519,442
Total	$3,223,018	$3,203,843	$943,183	$944,070

The Organization's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820, and more fully described in Note 2g.

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. The assets are presented on a basis by class, determined by the nature and risk associated with the investment:

	December 31, 2018		
	Level 1	Level 2	Total
Money market funds	$2,026,641	$0	$2,026,641
Mutual funds – fixed income	312,938	0	312,938
Mutual funds - equities	222,788	0	222,788
Equities	80,835	0	80,835
Exchange traded funds	60,567	0	60,567
Private agency loan fund	0	519,249	519,249
Total	$2,703,769	$519,249	$3,223,018

	December 31, 2017		
	Level 1	Level 2	Total
Money market funds	$26,628	$0	$26,628
Mutual funds - equities	279,900	0	279,900
Exchange traded funds	117,213	0	117,213
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 years ended December 31, 2018 and 2017. In addition, there we no transfers between levels during the years ended December 31, 2018 and 2017.

Note 4 - Grants and Pledges Receivable

The following is a summary of grants and pledges receivable:

	12/31/18	12/31/17
Total grants and pledges receivable	$4,808,000	$652,000
Discount ranging between 1% and 2% percent	(32,354)	(1,825)
Total	$4,775,646	$650,175

As of December 31, 2018, grants and pledges receivable are expected in the following periods:

Year ending:	December 31, 2019	$4,168,800
	December 31, 2020	539,200
	December 31, 2021	40,000
	December 31, 2022	40,000
	December 31, 2023	20,000
Total		$4,808,000

Note 5- Fixed Assets, Net

Fixed assets consist of the following:

	12/31/18	12/31/17
Furniture and fixtures	$478,022	$478,022
Computers and equipment and software	894,307	834,563
Leasehold improvements	1,192,849	1,192,849
	2,565,178	2,505,434
Less: depreciation and amortization	(1,977,479)	(1,749,559)
Total	$587,699	$755,875

Note 6- Line of Credit

The Organization entered into a non-interest-bearing credit agreement with an individual for an amount not to exceed $250,000. The full amount was outstanding at December 31, 2017 and paid in full as of December 30, 2018.

Note 7- Net Assets With Donor Restrictions

The following summarizes the nature of net assets with donor restrictions:

	12/31/18	12/31/17
Program restricted:		
National Security	$675,000	$105,328
Foreign Policy	130,833	280,000
Refugee Protection	558,000	400,000
Advocacy	0	137,500
Vets for American Ideals	301,700	205,000
Total program restricted	1,665,533	1,127,828
Endowment	1,004,885	922,030
Time restricted	4,460,000	22,000
Total	$7,130,418	$2,071,858

The following summarizes net assets released from restrictions:

	12/31/18	12/31/17
Program restricted:		
National Security	$254,556	$803,712
Foreign Policy	586,667	265,000
Anti-Trafficking	0	20,000
Refugee Protection	1,381,500	2,139,968
Vets for American Ideals	480,460	546,600
Communications	18,500	0
Advocacy	137,500	12,500
Total program restricted	2,859,183	3,787,780
Endowment appropriations	0	3,496
Time restricted	22,000	1,432,500
Total	$2,881,183	$5,223,776

Note 8- Net Assets With Donor Restrictions - Endowment Funds

On August 31, 2001, the Organization received a donor contribution of $500,000 to be used to establish a 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, the Organization classified as endowment: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

When endowment earnings have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditure. Therefore, they have been classified in the class of net assets with donor restrictions.

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 restated, for the year ended December 31, 2018 are as follows:

	Endowment Earnings/ Borrowings	Endowment Corpus	Total
Endowment net assets, beginning of year	($577,970)	$1,500,000	$922,030
Transfers in	670,000	0	670,000
Borrowings/transfers out	(560,000)	0	(560,000)
Net investment return	(27,145)	0	(27,145)
Endowment net assets, end of year	($495,115)	$1,500,000	$1,004,885

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 equity-based 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

From time to time, the fair value of assets of individual donor-restricted endowment funds may fall below the level required to be maintained in perpetuity in accordance with NYPMFA or the applicable donor gift agreement, creating an "underwater" endowment. Additionally, as noted above, for one of the endowment funds, the current board co-chair may at any time permit any part or the entire fund to be temporarily distributed. At December 31, 2018, as the result of borrowings from the endowment, underwater deficiencies totaled $514,364. At December 31, 2017, as the result of borrowings from the endowment, underwater deficiencies totaled $597,412.

Note 9- 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 years ended December 31, 2018 and 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 $60,609,107 and $62,090,920, respectively. For 2018 and 2017 this represents approximately 101,414 and 109,059 hours at an average hourly rate of $598 and $569, respectively.

Note 10 - Special Event Income

The Organization hosts an annual award dinner. Direct expenses of this event that benefited donors have been netted with fundraising activities in the public support section of the statement of activities. Other costs have been reflected as special event expenses on the statement of functional expenses. The financial summary of the event are as follows:

	12/31/18	12/31/17
Income	$1,995,160	$2,140,230
Less: expenses with a direct benefit to donor	(173,398)	(163,622)
	1,821,762	1,976,608
Less: other event expenses	(167,445)	(141,773)
Total	$1,654,317	$1,834,835

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 for the years ended December 31, 2018 and 2017 was $142,761 and $80,576, respectively.

The Organization also had 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 years ended December 31, 2018 or December 31, 2017. Participants may make pre-tax deferrals up to the IRS limit for any taxable year, which was $18,500 in 2018. The market value of the participants' account balance of $241,583 at year ended December 31, 2018 was included in other assets and other liabilities on the statement of financial position. During 2018, the amount held in the plan was paid out and the plan was closed.

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 $895,544 and $900,016 for the years ended December 31, 2018 and 2017, respectively. Future minimum annual lease payments are as follows:

Year ending	December 31, 2019	$1,299,077
	December 31, 2020	1,377,421
	December 31, 2021	1,411,856
	December 31, 2022	1,447,152
	December 31, 2023	860,690
	Thereafter	1,525,262
Total		$7,921,458

Total rent expense for facilities was $1,261,041 and $1,570,455 in years ending December 31, 2018 and 2017, respectively.

The Organization had 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. There was no sublease income at December 31, 2018.

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. The balance of the bank accounts holding the letters of credit, including accrued interest, was $212,770 and $476,384 for the years ended December 31, 2018 and 2017, respectively.

Note 13 - Liquidity and Availability of Financial Resources

The following reflects the Organization's financial assets at December 31, 2018, reduced by amounts that have donor-imposed or board-designated restrictions within one year of the balance sheet date.

Cash and cash equivalents	$597,285
Investments	2,218,133
Investments restricted for endowment	1,004,885
Grants and pledges receivable due in less than one year	4,168,800
Other receivables	74,214
Total financial assets	8,063,317
Less amounts not available to be used within one year:	
Board designated reserve fund	(2,500,000)
Contributions restricted – purpose restrictions	(1,665,533)
Donor-restricted endowments, corpus and earnings	(1,519,249)
Financial assets available to meet cash needs for general expenditures within one year	$2,378,535

The Organization's goal is generally to maintain financial assets to meeting 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in investments, including money market accounts, fixed income securities and mutual funds.