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HUMAN RIGHTS FIRST
Audited Financial Statements
December 31, 2022



Independent Auditor's Report

To the Board of Directors of
Human Rights First

Opinion

We have audited the accompanying financial statements of Human Rights First (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of the Organization as of and for the year ended December 31, 2021, were audited by other auditors whose report dated April 21, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects with the audited financial statements from which it was derived.

Sax CPAs LLP

New York, NY
April 19, 2023

HUMAN RIGHTS FIRST
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2022
(With comparative totals at December 31, 2021)

	<u>12/31/22</u>	<u>12/31/21</u>
Assets		
Cash and cash equivalents	\$1,336,752	\$1,715,916
Investments (Note 3)	3,208,514	3,966,394
Prepaid expenses and other assets	176,711	121,132
Grants and pledges receivable, net (Note 4)	1,293,497	2,504,165
Other receivables	27,971	58,806
Security deposits	369,575	349,651
Grants and pledges receivable, net - restricted for endowment (Notes 4 and 10)	3,087,000	4,225,000
Fixed assets, net (Note 5)	243,079	209,316
Operating lease right of use assets (Note 6)	1,642,601	0
Investments restricted for endowment (Notes 3 and 10)	4,798,451	5,314,592
	<u>\$16,184,151</u>	<u>\$18,464,972</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$769,154	\$1,210,915
Accrued payroll and related liabilities	168,532	357,302
Operating lease liability (Note 6)	1,965,804	0
Deferred rent (Note 6)	0	527,976
Total liabilities	<u>2,903,490</u>	<u>2,096,193</u>
Commitments and contingencies (Note 7)		
Net assets:		
Without donor restrictions	1,763,819	965,740
With donor restrictions (Note 8)	11,516,842	15,403,039
Total net assets	<u>13,280,661</u>	<u>16,368,779</u>
Total liabilities and net assets	<u>\$16,184,151</u>	<u>\$18,464,972</u>

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, 2022**

(With comparative totals for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions			Total	Total 12/31/22	Total 12/31/21
		Donor Restricted Time	Donor Restricted Programs	Donor Restricted Endowment			
Public support and revenue:							
Public support:							
Contributions	\$9,172,078	\$600,000	\$3,539,169	\$201,000	\$4,340,169	\$13,512,247	\$11,029,387
Amortization of discount of long term pledge				(918,000)	(918,000)	(918,000)	0
Paycheck Protection Program loan grant (Note 9)					0	0	1,080,785
Contributed legal services (Note 11)	97,951,618				0	97,951,618	50,493,000
Special event(net of expenses with a direct benefit to donors) (Note 12)	949,423				0	949,423	1,213,617
Fellowship contributions	71,250				0	71,250	231,258
Investment return, net (Note 3)	(220,063)			(670,420)	(670,420)	(890,483)	511,945
Other income	53,728				0	53,728	81,130
Net assets released from restriction	6,637,946	(713,125)	(5,658,100)	(266,721)	(6,637,946)	0	0
Total public support and revenue	<u>114,615,980</u>	<u>(113,125)</u>	<u>(2,118,931)</u>	<u>(1,654,141)</u>	<u>(3,886,197)</u>	<u>110,729,783</u>	<u>64,641,122</u>
Expenses:							
Program services	111,803,430				0	111,803,430	61,896,798
Supporting services:							
Management and general	1,315,017				0	1,315,017	1,158,082
Fundraising	699,454				0	699,454	930,222
Total supporting services	<u>2,014,471</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,014,471</u>	<u>2,088,304</u>
Total expenses	<u>113,817,901</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>113,817,901</u>	<u>63,985,102</u>
Change in net assets	798,079	(113,125)	(2,118,931)	(1,654,141)	(3,886,197)	(3,088,118)	656,020
Net assets - beginning of year	<u>965,740</u>	<u>963,125</u>	<u>4,900,322</u>	<u>9,539,592</u>	<u>15,403,039</u>	<u>16,368,779</u>	<u>15,712,759</u>
Net assets - end of year	<u>\$1,763,819</u>	<u>\$850,000</u>	<u>\$2,781,391</u>	<u>\$7,885,451</u>	<u>\$11,516,842</u>	<u>\$13,280,661</u>	<u>\$16,368,779</u>

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, 2022
(With comparative totals for the year ended December 31, 2021)

	Program Services							Supporting Services			Total Expenses 12/31/22	Total Expenses 12/31/21	
	Refugee Protection	Accountability	Innovation Lab	General Advocacy	VFAI	Extremism	Communications & Outreach	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$3,184,250	\$518,168	\$400,466	\$115,964	\$409,788	\$365,715	\$102,983	\$5,097,334	\$792,976	\$326,813	\$1,119,789	\$6,217,123	\$5,593,172
Payroll taxes and benefits	778,372	112,613	88,188	23,994	85,403	80,430	20,112	1,189,112	65,986	68,966	134,952	1,324,064	1,212,826
Professional fees	472,320	199,318	556,413	19,604	96,570	197,437	382,995	1,924,657	220,626	7,474	228,100	2,152,757	1,058,784
Legal and related services (Note 11)	97,864,095	63,963						97,928,058	23,560		23,560	97,951,618	50,493,000
Afghan & Ukraine Crisis project expenses	3,105,845	265,576			4,926			3,376,347	76		76	3,376,423	2,706,585
Travel and meals	54,796	6,529	7,579	944	6,055	147	186	76,236	5,978	10,231	16,209	92,445	30,500
Printing and promotional	728	100	188	84	842	80	16,170	18,192	952	125	1,077	19,269	159,205
Dues and subscriptions	20,353	692	6,502	5	21	1,032	1,325	29,930	2,384	1,812	4,196	34,126	17,505
Staff training/seminars	21,019	2,899	3,956	41	2,906	56	556	31,433	8,067		8,067	39,500	20,713
Events and conferences	92,759	2,328	1,033	165	3,754	2,866	664	103,569	6,285	325,179	331,464	435,033	326,884
On-line services	6,066	2,223	2,202	2	9,018	314	5,747	25,572	48	3,281	3,329	28,901	30,227
Postage and delivery	15,263	489	359	93	343	13	89	16,649	1,627	534	2,161	18,810	17,981
Recruiting	6,485	83	194	12	47	75,365	48	82,234	6,796		6,796	89,030	148,516
Occupancy	906,267	116,529	89,648	24,285	85,934	7,248	24,555	1,254,466	70,015	76,030	146,045	1,400,511	1,380,973
Telephone and website	73,349	9,066	6,986	1,881	6,644	1,727	1,920	101,573	5,684	5,922	11,606	113,179	111,748
Copying	16,628	2,316	1,790	497	1,774	1,133	490	24,628	1,372	1,529	2,901	27,529	38,001
Office supplies and equipment	19,763	1,725	13,332	339	1,219	665	417	37,460	6,277	1,170	7,447	44,907	25,920
Bank and other fees	5,875	1,185	700	188	662	11,200	188	19,998	23,234	26,163	49,397	69,395	113,077
Repairs and maintenance	141,095	16,504	31,242	3,531	12,898	3,976	8,687	217,933	12,794	43,822	56,616	274,549	224,704
Insurance	40,862	5,660	4,376	1,168	4,106	16,041	1,197	73,410	3,466	3,692	7,158	80,568	61,598
Other expenses	3,700	16,067	97	15	16,095	3,883	62	39,919	40,774	151	40,925	80,844	61,176
Depreciation	96,228	13,210	10,398	2,683	9,271	97	2,833	134,720	16,040	8,713	24,753	159,473	152,007
Total expenses	106,926,118	1,357,243	1,225,649	195,495	758,276	769,425	571,224	111,803,430	1,315,017	911,607	2,226,624	114,030,054	63,985,102
Less: direct special event expenses netted with revenue								0		(212,153)	(212,153)	(212,153)	0
Total expenses for statement of activities	\$106,926,118	\$1,357,243	\$1,225,649	\$195,495	\$758,276	\$769,425	\$571,224	\$111,803,430	\$1,315,017	\$699,454	\$2,014,471	\$113,817,901	\$63,985,102

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, 2022
(With comparative totals for the year ended December 31, 2021)

	<u>12/31/22</u>	<u>12/31/21</u>
Cash flows from operating activities:		
Change in net assets	(\$3,088,118)	\$656,020
Adjustments to reconcile change in net assets to net cash flows (used for)/provided by operating activities:		
Depreciation	159,473	152,007
Paycheck Protection Program loan grant	0	(1,080,785)
Net loss/(gain) on investments	1,043,902	(434,989)
Contributions received for endowment	(201,000)	(260,000)
Changes in assets and liabilities:		
Prepaid expenses and other assets	(55,579)	(18,693)
Grants and pledges receivable	1,210,668	1,372,065
Other receivables	30,835	99,347
Security deposits	(19,924)	383
Operating lease assets and liabilities	323,203	0
Grants and pledges receivable - restricted for endowment	1,138,000	220,000
Accounts payable and accrued expenses	(441,761)	1,134,367
Accrued payroll and related liabilities	(188,770)	(6,167)
Deferred rent	(527,976)	(166,066)
Total adjustments	<u>2,471,071</u>	<u>1,011,469</u>
Net cash flows (used for)/provided by operating activities	<u>(617,047)</u>	<u>1,667,489</u>
Cash flows from investing activities:		
Purchase of fixed assets	(193,236)	(22,955)
Purchases of investments	(12,647,333)	(7,030,682)
Proceeds from sales of investments	12,877,452	6,220,025
Net cash flows provided by/(used for) investing activities	<u>36,883</u>	<u>(833,612)</u>
Cash flows from financing activities:		
Contributions received for endowment	201,000	260,000
Repayment of line of credit	0	(400,000)
Net cash flows provided by/(used for) financing activities	<u>201,000</u>	<u>(140,000)</u>
Net (decrease)/increase in cash and cash equivalents	(379,164)	693,877
Cash and cash equivalents - beginning of year	<u>1,715,916</u>	<u>1,022,039</u>
Cash and cash equivalents - end of year	<u><u>\$1,336,752</u></u>	<u><u>\$1,715,916</u></u>
Supplemental disclosure of cash flow information:		
Total interest and income taxes paid	<u><u>\$0</u></u>	<u><u>\$9,693</u></u>

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

**HUMAN RIGHTS FIRST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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.

b. Recently Adopted Accounting Standards

Effective January 1 2022, the Organization adopted the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of \$2,318,455 and lease liabilities totaling \$2,737,488 in its statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

Effective January 1, 2022, the Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures. See Note 11 for more details.

c. 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.
- *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 on the statement of activities.

d. Revenue Recognition

The Organization follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recognized at the time a contribution becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified in the class of net assets without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using an interest-free discount rate. Each year, a portion of the discount is amortized and included with contributions on the statement of activities.

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.

- e. 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.
- f. Concentration of Credit Risk
Financial instruments that potentially subject the Organization to a 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 and at year end, 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.
- g. 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.
- h. Fair Value 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.
- i. Fixed Assets
Fixed assets that exceed \$500 and to which 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. Leasehold improvements are amortized over the shorter of the useful life or the respective lease term.
- j. Leases
The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less).

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, 2019 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. Functional Allocation of Expenses

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

- Salaries
- Payroll taxes and benefits
- Occupancy
- Telephone and website
- Office supplies and equipment
- 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. See Note 11 for details.

Board members and other individuals volunteer their time and provide a variety of services 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, 2021, from which the summarized information was derived.

Note 3 - Investments and Fair Value Measurements

The following summarizes investments at year-end:

	<u>12/31/22</u>	<u>12/31/21</u>
Investments	\$3,208,514	\$3,966,394
Investments restricted for endowment	<u>4,798,451</u>	<u>5,314,592</u>
Total	<u>\$8,006,965</u>	<u>\$9,280,986</u>

The following is a breakdown of significant investment classes:

	<u>12/31/22</u>		<u>12/31/21</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Money market funds	\$3,729,423	\$3,721,496	\$275,830	\$275,830
Mutual funds				
- fixed income	245,414	258,063	2,943,324	2,969,357
Mutual fund equities	173,835	176,400	0	0
Mutual funds				
- non traditional	543,874	647,144	1,022,873	972,616
Equities	2,180,713	2,120,419	3,990,638	3,294,722
Exchange traded funds	560,580	524,947	12,012	5,606
Corporate bonds and notes	0	0	144,271	143,772
Government securities	0	0	260,928	262,083
Asset backed securities	0	0	69,812	70,521
Private agency loan fund	<u>573,126</u>	<u>573,126</u>	<u>561,298</u>	<u>561,298</u>
Total	<u>\$8,006,965</u>	<u>\$8,021,595</u>	<u>\$9,280,986</u>	<u>\$8,555,805</u>

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

	<u>December 31, 2022</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$3,729,423	\$0	\$3,729,423
Mutual funds			
- fixed income	245,414	0	245,414
Mutual fund equities	173,835	0	173,835
Mutual funds			
- non traditional	543,874	0	543,874
Equities	2,180,713	0	2,180,713
Exchange traded funds	560,580	0	560,580
Private agency loan fund	<u>0</u>	<u>573,126</u>	<u>573,126</u>
Total	<u>\$7,433,839</u>	<u>\$573,126</u>	<u>\$8,006,965</u>

	<u>December 31, 2021</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$275,830	\$0	\$275,830
Mutual funds			
– fixed income	2,943,324	0	2,943,324
Mutual funds			
– non traditional	1,022,873	0	1,022,873
Equities	3,990,638	0	3,990,638
Exchange traded funds	12,012	0	12,012
Corporate bonds and notes	144,271	0	144,271
Government securities	260,928	0	260,928
Asset backed securities	69,812	0	69,812
Private agency loan fund	<u>0</u>	<u>561,298</u>	<u>561,298</u>
Total	<u>\$8,719,688</u>	<u>\$561,298</u>	<u>\$9,280,986</u>

Investment return consists of the following:

	<u>12/31/22</u>	<u>12/31/21</u>
Interest and dividends	\$203,552	\$131,850
Realized and unrealized (loss)/gain on investments	(1,043,902)	434,989
Investment fees	<u>(50,133)</u>	<u>(54,894)</u>
Total	<u>(\$890,483)</u>	<u>\$511,945</u>

Note 4 - Grants and Pledges Receivable

Grants and pledges receivable are expected in the following periods:

	<u>12/31/22</u>	<u>12/31/21</u>
Year ending:		
December 31, 2022	\$0	\$2,297,175
December 31, 2023	1,256,507	590,000
December 31, 2024	200,000	0
Thereafter	<u>5,000,000</u>	<u>5,000,000</u>
	6,456,507	7,887,175
Less: Discount ranging between 3% and 5%	<u>(2,076,010)</u>	<u>(1,158,010)</u>
	<u>\$4,380,497</u>	<u>\$6,729,165</u>

The following is a summary of grants and pledges receivable:

	<u>12/31/22</u>	<u>12/31/21</u>
Grants and pledges receivable	\$1,293,497	\$2,504,165
Grants and pledges receivable – restricted for endowment	<u>3,087,000</u>	<u>4,225,000</u>
Total grants and pledges receivable	<u>\$4,380,497</u>	<u>\$6,729,165</u>

Note 5 - Fixed Assets

Fixed assets consist of the following:

	<u>12/31/22</u>	<u>12/31/21</u>	<u>Estimated Useful Life</u>
Furniture and fixtures	\$480,142	\$480,142	5 years
Computers, equipment and software	1,178,942	985,705	3 years
Leasehold improvements	<u>1,008,232</u>	<u>1,008,232</u>	<i>Life of lease</i>
	2,667,316	2,474,079	
Less: depreciation and amortization	<u>(2,424,237)</u>	<u>(2,264,763)</u>	
Total fixed assets, net	<u>\$243,079</u>	<u>\$209,316</u>	

Note 6 - Operating Lease Right-of-Use Asset and Operating Lease Liability

The Organization evaluated current contracts to determine which met the criteria of a lease. The Organization leases office space as follows:

- a) New York, NY, under an agreement that runs through May 1, 2025, which was determined to be an operating lease.
- b) Los Angeles, CA, under an agreement that runs through November 30, 2024, which was determined to be an operating lease.
- c) Washington, DC, under an agreement that runs through January 31, 2023. As indicated in Note 2j, as this lease term expires within twelve months of the statement of financial position date, the Organization is not reporting an ROU asset or lease liability for this lease. Future remaining minimum lease payments total \$56,504.

The ROU assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022, was 2.51%. As of December 31, 2022, the weighted average remaining lease term for the Organization's operating leases was approximately 2.31 years.

The New York lease term includes a five-year extension, available at the Organization's option, which it is not reasonably certain to exercise. Therefore, the payments associated with the extension are not included in the ROU asset nor the lease liability recognized as of December 31, 2022.

For the year ended December 31, 2022, total operating lease cost was \$744,686, and total short-term lease cost was approximately \$556,880.

Cash paid for operating leases for the year ended December 31, 2022 was \$846,389. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2a.

Future minimum annual lease payments are as follows:

Year ending:	December 31, 2023	\$867,946
	December 31, 2024	884,361
	December 31, 2025	<u>280,429</u>
Total		2,032,736
Less: Present value discount		<u>(66,932)</u>
Total lease liability at December 31, 2022		<u>\$1,965,804</u>

An irrevocable letter of credit of \$211,805 was accepted as a security deposit by the landlord of the New York City office space located at 75 Broad Street, New York, NY. The balance of the bank account holding the letter of credit, including accrued interest, was \$213,099 and \$213,057 for the years ended December 31, 2022 and 2021, respectively.

Subsequent to year end, the Organization entered into a new lease agreement for office space in Washington, DC that expires February 2031. Future minimum annual lease payments under this lease are as follows:

Year ending:	December 31, 2023	\$0
	December 31, 2024	244,071
	December 31, 2025	250,194
	December 31, 2026	256,462
	December 31, 2027	262,877
	Thereafter	<u>852,359</u>
Total		<u>\$1,865,963</u>

Note 7 - Line of Credit

On August 19, 2019, the Organization entered into a line of credit agreement with a financial institution for an amount not to exceed \$1,000,000. Interest was calculated at a rate of 5.28%. At December 31, 2020, there was an outstanding balance of \$400,000. The balance was fully repaid as of December 31, 2021. The line expired during 2022 and was not renewed.

Note 8 - Net Assets With Donor Restrictions

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

	<u>12/31/22</u>	<u>12/31/21</u>
Program restricted:		
Refugee Representation	\$729,309	\$1,848,008
VFAI	206,198	0
Innovation Lab	700,000	751,000
Refugee/Asylum Campaign	231,250	1,351,314
Extremism	45,467	575,000
Foreign Policy	<u>869,167</u>	<u>375,000</u>
Total program restricted	2,781,391	4,900,322
Endowment	7,885,451	9,539,592
Time restricted	<u>850,000</u>	<u>963,125</u>
Total	<u>\$11,516,842</u>	<u>\$15,403,039</u>

The following summarizes net assets released from restrictions:

	<u>12/31/22</u>	<u>12/31/21</u>
Program restricted:		
Refugee Representation	\$1,978,982	\$2,401,925
VFAI	237,693	0
Innovation Lab	768,625	842,279
Refugee/Asylum Campaign	1,412,044	1,967,125
Domestic Policy	639,713	82,500
Foreign Policy	<u>621,043</u>	<u>513,535</u>
Total program restricted	5,658,100	5,807,364
Time restricted	713,125	1,197,500
Endowment appropriations	<u>266,721</u>	<u>239,095</u>
Total	<u>\$6,637,946</u>	<u>\$7,243,959</u>

Note 9 - Paycheck Protection Program Loan

During the year ended December 31, 2020, the Organization obtained a loan from the U.S. Small Business Administration (“SBA”) in the amount of \$1,080,785 through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. The Organization opted to treat the Paycheck Protection Program proceeds as a loan payable in accordance with FASB ASC 470. Under this treatment, the proceeds from the loan remained as a liability until forgiven. On June 29, 2021, the loan was fully forgiven by the SBA and has been recognized as revenue on the statement of activities.

Note 10 - Net Assets With Donor Restrictions - Endowment Funds

The Organization’s endowment includes three separate donor restricted funds to be held in perpetuity:

	<u>December 31, 2022</u>		
	<u>Investments</u>	Pledges <u>Receivable</u>	<u>Total</u>
Cash Reserve Endowment	\$573,126	\$0	\$573,126
Donor Restricted Endowment Fund 2	1,210,860	0	1,210,860
William D. Zabel Legacy Fund	<u>3,014,465</u>	<u>3,087,000</u>	<u>6,101,465</u>
Total	<u>\$4,798,451</u>	<u>\$3,087,000</u>	<u>\$7,885,451</u>

	<u>December 31, 2021</u>		
	<u>Investments</u>	<u>Pledges Receivable</u>	<u>Total</u>
Cash Reserve Endowment	\$561,298	\$0	\$561,298
Donor Restricted Endowment Fund 2	1,419,287	0	1,419,287
William D. Zabel Legacy Fund	<u>3,334,007</u>	<u>4,225,000</u>	<u>7,559,007</u>
Total	<u>\$5,314,592</u>	<u>\$4,225,000</u>	<u>\$9,539,592</u>

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, funds must be maintained in an earmarked 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, certain named individuals 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, certain named individuals may at any time direct any part or the entire Fund to be distributed for the same purposes. 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.

During 2019, the Organization established the William D. Zabel Legacy Fund. This fund consists of pledges and cash contributions from various donors. Under the terms of the overriding gift agreement, which is a long-term pledge with an original amount of \$5,000,000, the Organization is permitted to appropriate an amount equal to 8% of the value of the endowment assets to support the representation and advocacy for refugees, supporting human rights defenders and advancing United States policy in human rights.

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.

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.

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 for the year ended December 31, 2022 are as follows:

	Endowment Earnings/ <u>Borrowings</u>	Endowment <u>Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$767,904	\$8,771,688	\$9,539,592
Contributions	0	201,000	201,000
Board appropriations	(266,721)	0	(266,721)
Annual present value discount adjustment on long term pledge	0	(918,000)	(918,000)
Net investment return	<u>(670,420)</u>	<u>0</u>	<u>(670,420)</u>
Endowment net assets, end of year	<u>(\$169,237)</u>	<u>\$8,054,688</u>	<u>\$7,885,451</u>

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	Endowment Earnings/ <u>Borrowings</u>	Endowment <u>Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$529,946	\$8,731,688	\$9,261,634
Contributions	0	40,000	40,000
Board appropriations	(239,095)	0	(239,095)
Annual present value discount adjustment on long term pledge	0	0	0
Net investment return	<u>477,053</u>	<u>0</u>	<u>477,053</u>
Endowment net assets, end of year	<u>\$767,904</u>	<u>\$8,771,688</u>	<u>\$9,539,592</u>

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, certain named individuals may at any time permit any part or the entire fund to be temporarily distributed. At December 31, 2022, underwater deficiencies totaled \$169,237. There were no such deficiencies as of December 31, 2021.

Note 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 presentation of human rights. For the years ended December 31, 2022 and 2021, the value of this contributed time has been included in these financial statements as contributed program service revenue and legal and related services expenses in the amount of \$97,951,618 and \$50,493,000, respectively. For 2022 and 2021, this represents approximately 130,984 and 69,070 hours at an average hourly rate of \$748 and \$731, respectively. Contributed services are valued at the estimated fair value based on current rates for similar services.

Note 12 - Special Event Income

The Organization hosts an annual award dinner, which in 2021 was held virtually due to the pandemic and current restrictions. Other costs have been reflected as event and conferences expense on the statement of functional expenses. The financial summary of the event is as follows:

	<u>12/31/22</u>	<u>12/31/21</u>
Income	\$1,161,576	\$1,213,617
Less: expenses with a direct benefit to donor	<u>(212,153)</u>	<u>0</u>
	949,423	1,213,617
Less: other event expenses	<u>(194,072)</u>	<u>(261,596)</u>
Total	<u>\$755,351</u>	<u>\$952,021</u>

Note 13 - Retirement Plan

The Organization has a defined contribution retirement plan (the “Plan”) under Section 403(b) of the Internal Revenue Code. Participating employees make pre-tax contributions 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 \$91,053 and \$65,050 for the years ended December 31, 2022 and 2021, respectively.

Note 14 - Liquidity and Availability of Financial Resources

The following reflects the Organization’s financial assets at December 31, 2022, reduced by amounts that have donor-imposed or board-designated restrictions within one year of the statement of financial position.

Cash and cash equivalents	\$1,336,752	
Investments	3,208,514	
Grants and pledges receivable – due in one year	1,256,507	
Other receivables	<u>27,971</u>	
Total financial assets		\$5,829,744
Less amounts not available to be used within one year:		
Time restricted pledges due in more than one year		(200,000)
Contributions restricted – purpose restrictions		<u>(2,781,391)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$2,848,353</u>

The Organization’s goal is to generally maintain financial assets to meet 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.

Note 15 - Subsequent Events

Subsequent events have been evaluated through April 19, 2023, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.