

# **Human Rights First**

Audited Financial Statements

December 31, 2023

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December 31, 2023

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## Independent Auditor's Report

Board of Directors  
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, 2023, 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, 2023, 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 GAAS 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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**

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it was derived.

*Sax CPAs LLP*

New York, NY  
May 6, 2024

# Human Rights First

## Statement of Financial Position

At December 31, 2023  
(With comparative totals at December 31, 2022)

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	2,006,534	1,336,752
Investments	272,695	3,208,514
Prepaid expenses and other assets	253,828	204,682
Grants and pledges receivable, net	3,613,496	1,293,497
Security deposits	238,558	369,575
Grants and pledges receivable, net - restricted for endowment	2,794,000	3,087,000
Fixed assets, net	169,493	243,079
Operating lease right-of-use assets	2,562,688	1,642,601
Investments restricted for endowment	4,985,448	4,798,451
<b>TOTAL ASSETS</b>	<b><u>\$ 16,896,740</u></b>	<b><u>\$ 16,184,151</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 923,758	\$ 769,154
Accrued payroll and related liabilities	521,625	168,532
Operating lease liability	2,778,490	1,965,804
Total liabilities	<u>4,223,873</u>	<u>2,903,490</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,917,868	1,763,819
With donor restrictions	10,754,999	11,516,842
Total net assets	<u>12,672,867</u>	<u>13,280,661</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 16,896,740</u></b>	<b><u>\$ 16,184,151</u></b>

*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, 2023  
(With comparative totals for the year ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions			Total	Total 12/31/23	Total 12/31/22
		Donor Restricted Time	Donor Restricted Programs	Donor Restricted Endowment			
<b>PUBLIC SUPPORT AND REVENUE:</b>							
Public support:							
Contributions	\$ 5,890,617	\$ 3,712,500	\$ 2,829,898	\$ 136,000	\$ 6,678,398	\$ 12,569,015	\$ 13,512,247
Amortization of discount of long-term pledge	-	-	-	(233,000)	(233,000)	(233,000)	(918,000)
Contributed legal services	92,194,114	-	-	-	-	92,194,114	97,951,618
Special event (net of expenses with a direct benefit to donors)	564,209	-	-	-	-	564,209	949,423
Fellowship contributions	79,500	-	-	-	-	79,500	71,250
Investment return, net	106,478	-	-	482,161	482,161	588,639	(890,483)
Fee for service	841,692	-	-	-	-	841,692	-
Other income	34,393	-	-	-	-	34,393	53,728
Net assets released from restriction	7,689,402	(2,191,675)	(5,006,563)	(491,164)	(7,689,402)	-	-
Total public support and revenue	107,400,405	1,520,825	(2,176,665)	(106,003)	(761,843)	106,638,562	110,729,783
<b>EXPENSES</b>							
Program services	104,330,750	-	-	-	-	104,330,750	111,803,430
Supporting services:							
Management and general	1,715,388	-	-	-	-	1,715,388	1,315,017
Fundraising	1,200,218	-	-	-	-	1,200,218	699,454
Total supporting services	2,915,606	-	-	-	-	2,915,606	2,014,471
Total expenses	107,246,356	-	-	-	-	107,246,356	113,817,901
<b>Change in net assets</b>	<b>154,049</b>	<b>1,520,825</b>	<b>(2,176,665)</b>	<b>(106,003)</b>	<b>(761,843)</b>	<b>(607,794)</b>	<b>(3,088,118)</b>
<b>NET ASSETS, beginning of year</b>	<b>1,763,819</b>	<b>850,000</b>	<b>2,781,391</b>	<b>7,885,451</b>	<b>11,516,842</b>	<b>13,280,661</b>	<b>16,368,779</b>
<b>NET ASSETS, end of year</b>	<b>\$ 1,917,868</b>	<b>\$ 2,370,825</b>	<b>\$ 604,726</b>	<b>\$ 7,779,448</b>	<b>\$ 10,754,999</b>	<b>\$ 12,672,867</b>	<b>\$ 13,280,661</b>

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, 2023  
(With comparative totals for the year ended December 31, 2022)

	Program Services							Supporting Services				Total Expenses 12/31/23	Total Expenses 12/31/22
	Refugee Protection	Accountability	Innovation Lab	General Advocacy	VFAI	Extremism	Communications & Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 2,656,362	\$ 597,267	\$ 765,404	\$ 246,123	\$ 496,639	\$ 533,003	\$ 213,089	\$ 5,507,887	\$ 1,074,295	\$ 798,657	\$ 1,872,952	\$ 7,380,839	\$ 6,217,123
Payroll taxes and benefits	762,303	149,671	168,144	52,460	150,688	122,071	55,623	1,460,960	94,959	126,529	221,488	1,682,448	1,324,064
Professional fees	916,890	379,566	278,327	70,039	155,331	355,613	353,979	2,509,745	265,165	89,832	354,997	2,864,742	2,152,757
Legal and related services	92,189,536	4,578	-	-	-	-	-	92,194,114	-	-	-	92,194,114	97,951,618
Afghan & Ukraine Crisis Project expenses	458,706	434,629	-	-	169,769	-	-	1,063,104	7	9	16	1,063,120	3,376,423
Travel and meals	41,682	17,140	7,783	4,357	4,881	22,035	1,024	98,902	38,801	13,888	52,689	151,591	92,445
Printing and promotional	321	-	20	-	848	938	4,480	6,607	8,109	12	8,121	14,728	19,269
Dues and subscriptions	18,137	1,129	-	269	35	462	882	20,914	7,961	2,092	10,053	30,967	34,126
Staff training/seminars	4,447	401	2,433	1,211	427	1,697	1,664	12,280	13,215	380	13,595	25,875	39,500
Events and conferences	3,934	9,642	-	-	8,859	-	-	22,435	39,823	386,415	426,238	448,673	435,033
Online services	28,509	3,965	9,252	2,189	13,000	9,693	8,481	75,089	502	17,212	17,714	92,803	28,901
Postage and delivery	11,343	456	528	161	522	403	141	13,554	2,495	557	3,052	16,606	18,810
Recruiting	-	-	-	-	-	-	-	-	10,274	-	10,274	10,274	89,030
Occupancy	444,589	77,592	84,409	24,466	81,029	63,860	25,092	801,037	41,973	62,356	104,329	905,366	1,400,511
Telephone and website	48,572	8,524	9,337	2,603	8,881	7,007	2,791	87,715	4,973	6,786	11,759	99,474	113,179
Copying	9,685	1,944	2,136	625	2,046	1,593	659	18,688	1,116	1,580	2,696	21,384	27,529
Office supplies and equipment	12,443	1,739	8,001	665	2,021	1,542	580	26,991	8,471	2,456	10,927	37,918	44,907
Bank and other fees	4,982	1,247	989	295	962	743	271	9,489	38,093	12,761	50,854	60,343	69,395
Repairs and maintenance	97,030	20,114	30,618	6,585	20,665	16,262	17,225	208,499	13,027	38,844	51,871	260,370	274,549
Insurance	35,606	7,099	7,864	2,320	7,466	5,862	2,320	68,537	3,880	5,771	9,651	78,188	80,568
Other expenses	2,619	2,925	-	-	-	-	-	5,544	37,108	86	37,194	42,738	80,844
Depreciation	62,632	11,501	13,622	4,012	13,083	10,105	3,704	118,659	11,141	14,019	25,160	143,819	159,473
<b>Total expenses</b>	<b>97,810,328</b>	<b>1,731,129</b>	<b>1,388,867</b>	<b>418,380</b>	<b>1,137,152</b>	<b>1,152,889</b>	<b>692,005</b>	<b>104,330,750</b>	<b>1,715,388</b>	<b>1,580,242</b>	<b>3,295,630</b>	<b>107,626,380</b>	<b>114,030,054</b>
Less: direct special event expenses netted with revenue	-	-	-	-	-	-	-	-	-	(380,024)	(380,024)	(380,024)	(212,153)
<b>Total expenses for statement of activities</b>	<b>\$ 97,810,328</b>	<b>\$ 1,731,129</b>	<b>\$ 1,388,867</b>	<b>\$ 418,380</b>	<b>\$ 1,137,152</b>	<b>\$ 1,152,889</b>	<b>\$ 692,005</b>	<b>\$ 104,330,750</b>	<b>\$ 1,715,388</b>	<b>\$ 1,200,218</b>	<b>\$ 2,915,606</b>	<b>\$ 107,246,356</b>	<b>\$ 113,817,901</b>

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, 2023  
(With comparative totals for the year ended December 31, 2022)

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (607,794)	\$ (3,088,118)
Adjustments to reconcile change in net assets to net cash flows used for operating activities:		
Depreciation	143,819	159,473
Net (gain)/loss on investments	(443,621)	1,043,902
Contributions received for endowment	(136,000)	(201,000)
Changes in assets and liabilities:		
Prepaid expenses and other assets	(49,146)	(24,744)
Grants and pledges receivable	(2,319,999)	1,210,668
Security deposits	131,017	(19,924)
Operating lease right-of-use assets and liability	(107,401)	323,203
Grants and pledges receivable restricted for endowment	293,000	1,138,000
Accounts payable and accrued expenses	154,604	(441,761)
Accrued payroll and related liabilities	353,093	(188,770)
Deferred rent	-	(527,976)
Total adjustments	<u>(1,980,634)</u>	<u>2,471,071</u>
Net cash flows used for operating activities	<u>(2,588,428)</u>	<u>(617,047)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(70,233)	(193,236)
Purchases of investments	(12,853,935)	(12,647,333)
Proceeds from sales of investments	16,046,378	12,877,452
Net cash flows provided by investing activities	<u>3,122,210</u>	<u>36,883</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions received for endowment	136,000	201,000
Drawdowns from line of credit	600,000	-
Repayment of line of credit	(600,000)	-
Net cash flows provided by financing activities	<u>136,000</u>	<u>201,000</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>669,782</b>	<b>(379,164)</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<u>1,336,752</u>	<u>1,715,916</u>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<u><b>\$ 2,006,534</b></u>	<u><b>\$ 1,336,752</b></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u><b>\$ 10,805</b></u>	<u><b>\$ -</b></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, 2023

### 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. Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") ASC 958 *Presentation of Financial Statement of Not-For-Profit Entities*. FASB ASC 958 requires the Organization to report 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.

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### Note 2 - Significant Accounting Policies - Continued

#### *c. Revenue Recognition*

The Organization follows the requirements of FASB 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.

Special event revenue is comprised of payments received from third parties to support and /or attend fundraising events. Special event revenue includes an exchange transaction component for the value of the goods or services rendered, which follows revenue recognition guidance under FASB ASC 606. The amount paid by third parties that is above the value of goods or services is considered a contribution. Revenue is recognized at the time the fundraising event occurs.

The Organization follows FASB ASC 606 for recognizing revenue from contracts with customers. Fee for service revenues fall under FASB ASC 606 and have been included in the statement of activities. Each source of revenue is analyzed to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Fees are recognized when the services described have been performed. Fees that are not collected at year end are reflected as accounts receivable. Amounts collected in advance are treated as deferred revenue.

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.

#### *d. 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.

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### Note 2 - Significant Accounting Policies - Continued

*e. 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.

*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 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.

*h. 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. Leasehold improvements are amortized over the shorter of the useful life or the respective lease term. Depreciation is recorded using the straight-line method over the asset's estimated useful life as follows:

- Furniture and fixtures - 5 years
- Computer, equipment and software - 3 years

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### Note 2 - Significant Accounting Policies - Continued

*i. Leases*

On January 1, 2022, the Organization adopted the FASB's 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 transition relief that allows entities, in the period of adoption, to present the current period under FASB ASC 842 and the comparative period under FASB ASC 840. The Organization 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. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

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 record ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less).

*j. Accounting for Uncertainty of Income Taxes*

The Organization does not believe its financial statements include any material uncertain tax positions. Tax filings for the periods ending December 31, 2020 and later are subject to examination by applicable taxing authorities.

*k. 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.

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### Note 2 - Significant Accounting Policies - Continued

*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. 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 10 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.

*n. Advertising*

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

*o. 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, 2022, from which the summarized information was derived.

### Note 3 - Investments and Fair Value Measurements

The following summarizes investments at year-end:

	December 31,	
	2023	2022
Investments	\$ 272,695	\$ 3,208,514
Investments restricted for endowment	4,985,448	4,798,451
Total	<u>\$ 5,258,143</u>	<u>\$ 8,006,965</u>

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### Note 3 - Investments and Fair Value Measurements - Continued

The following is a breakdown of significant investment classes:

	December 31, 2023		December 31, 2022	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 351,186	\$ 351,175	\$ 3,729,423	\$ 3,721,496
Mutual funds - fixed income	1,214,261	1,063,336	245,414	258,063
Mutual fund equities	820,241	649,409	173,835	176,400
Mutual funds - non traditional	2,262,838	2,301,074	543,874	647,144
Equities	-	-	2,180,713	2,120,419
Exchange traded funds	6,900	7,156	560,580	524,947
Corporate bonds and notes	-	-	-	-
Government securities	-	-	-	-
Asset backed securities	-	-	-	-
Private agency loan fund	602,717	602,717	573,126	573,126
Total	<u>\$ 5,258,143</u>	<u>\$ 4,974,867</u>	<u>\$ 8,006,965</u>	<u>\$ 8,021,595</u>

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

	December 31, 2023		
	Level 1	Level 2	Total
Money market funds	\$ 351,186	\$ -	\$ 351,186
Mutual funds - fixed income	1,214,261	-	1,214,261
Mutual fund equities	820,241	-	820,241
Mutual funds - non traditional	2,262,838	-	2,262,838
Equities	-	-	-
Exchange traded funds	6,900	-	6,900
Private agency loan fund	-	602,717	602,717
Total	<u>\$ 4,655,426</u>	<u>\$ 602,717</u>	<u>\$ 5,258,143</u>

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

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### Note 3 - Investments and Fair Value Measurements - Continued

Investment return consists of the following:

	December 31,	
	2023	2022
Interest and dividends	\$ 178,716	\$ 203,552
Realized and unrealized gain/(loss) on investments	443,621	(1,043,902)
Investment fees	(33,698)	(50,133)
Total	<u>\$ 588,639</u>	<u>\$ (890,483)</u>

### Note 4 - Grants and Pledges Receivable

Grants and pledges receivable are expected in the following periods:

	December 31,	
	2023	2022
Year ending:		
December 31, 2023	\$ -	\$ 1,256,507
December 31, 2024	2,666,506	200,000
December 31, 2025	1,025,000	-
December 31, 2026	25,000	-
Thereafter	5,000,000	5,000,000
	<u>8,716,506</u>	<u>6,456,507</u>
Less: Discount ranging between 3% and 5%	(2,309,010)	(2,076,010)
Total	<u>\$ 6,407,496</u>	<u>\$ 4,380,497</u>

The following is a summary of grants and pledges receivable:

	December 31,	
	2023	2022
Grants and pledges receivable	\$ 3,613,496	\$ 1,293,497
Grants and pledges receivable - restricted for endowment	2,794,000	3,087,000
Total grants and pledges receivable	<u>\$ 6,407,496</u>	<u>\$ 4,380,497</u>

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### Note 5 - Fixed Assets

Fixed assets consist of the following:

	December 31,	
	2023	2022
Furniture and fixtures	\$ 480,142	\$ 480,142
Computers, equipment and software	638,382	1,178,942
Leasehold improvements	1,037,541	1,008,232
	<u>2,156,065</u>	<u>2,667,316</u>
Less: depreciation and amortization	(1,986,572)	(2,424,237)
Total fixed assets, net	<u>\$ 169,493</u>	<u>\$ 243,079</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:

- New York, NY, under an agreement that runs through May 1, 2025, which was determined to be an operating lease.
- Los Angeles, CA, under an agreement that runs through November 30, 2024, which was determined to be an operating lease.
- Washington, DC, under an agreement that runs through January 31, 2031, which was determined to be an operating lease.

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 rates applied to calculate lease liabilities as of December 31, 2023 and 2022, were 3.26% and 2.51%, respectively. As of December 31, 2023 and 2022, the weighted average remaining lease terms for the Organization's operating leases were approximately 4.63 and 2.31 years, respectively.

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, 2023.

For the years ended December 31, 2023 and 2022, total operating lease cost was \$983,553 and \$744,686, respectively.

Cash paid for operating leases for the year ended December 31, 2023 was \$1,086,645. There were no noncash investing and financing transactions related to leasing.



# Human Rights First

## Notes to Financial Statements

December 31, 2023

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

Future minimum annual lease payments are as follows:

Year ending:		
	December 31, 2024	\$ 1,128,432
	December 31, 2025	530,623
	December 31, 2026	256,462
	December 31, 2027	262,877
	December 31, 2028	269,438
	Thereafter	582,921
Total		<u>3,030,753</u>
Less: Present value discount		<u>(252,263)</u>
Total lease liability at December 31, 2023		<u>\$ 2,778,490</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 \$213,206 and \$213,099 for the years ended December 31, 2023 and 2022, respectively.

### Note 7 - Line of Credit

On June 18, 2023, the Organization entered into a line of credit agreement with a financial institution for an amount not to exceed \$700,000. The interest rate on this line was 6% at December 31, 2023.

On August 4, 2023, the Organization entered into another line of credit agreement with a financial institution for an amount not to exceed \$1,000,000. The interest rate on this line was 9.03% at December 31, 2023.

At December 31, 2023, there were no outstanding balances. The lines are set to expire during fiscal year 2024.

### Note 8 - Net Assets with Donor Restrictions

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

	December 31,	
	2023	2022
Program restricted:		
Refugee Representation	\$ 94,916	\$ 729,309
VFAI	122,727	206,198
Innovation Lab	-	700,000
Refugee/Asylum Campaign	85,000	231,250
Extremism	95,833	45,467
Foreign Policy	206,250	869,167
Total program restricted	<u>604,726</u>	<u>2,781,391</u>
Endowment	7,779,448	7,885,451
Time restricted	2,370,825	850,000
Total	<u>\$ 10,754,999</u>	<u>\$ 11,516,842</u>

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### Note 8 - Net Assets with Donor Restrictions - Continued

The following summarizes net assets released from restrictions:

	December 31,	
	2023	2022
Program restricted:		
Refugee Representation	\$ 2,366,503	\$ 1,978,982
VFAI	246,848	237,693
Innovation Lab	717,573	768,625
Refugee/Asylum Campaign	433,579	1,412,044
Extremism	95,298	639,713
Foreign Policy/Accountability	1,146,762	621,043
Total program restricted	5,006,563	5,658,100
Time restricted	2,191,675	713,125
Endowment appropriations	491,164	266,721
Total	<u>\$ 7,689,402</u>	<u>\$ 6,637,946</u>

### Note 9 - Net Assets with Donor Restrictions - Endowment Funds

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

	December 31, 2023		
	Pledges		
	Investments	Receivable	Total
Cash Reserve Endowment	\$ 602,717	\$ -	\$ 602,717
Donor Restricted Endowment Fund 2	1,091,009	-	1,091,009
William D. Zabel Legacy Fund	3,291,722	2,794,000	6,085,722
Total	<u>\$ 4,985,448</u>	<u>\$ 2,794,000</u>	<u>\$ 7,779,448</u>
	December 31, 2022		
	Pledges		
	Investments	Receivable	Total
Cash Reserve Endowment	\$ 573,126	\$ -	\$ 573,126
Donor Restricted Endowment Fund 2	1,210,860	-	1,210,860
William D. Zabel Legacy Fund	3,014,465	3,087,000	6,101,465
Total	<u>\$ 4,798,451</u>	<u>\$ 3,087,000</u>	<u>\$ 7,885,451</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.

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### **Note 9 - Net Assets with Donor Restrictions - Endowment Funds - Continued**

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.

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### Note 9 - Net Assets with Donor Restrictions - Endowment Funds - Continued

#### *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, 2023 are as follows:

	Endowment Earnings/ Borrowings	Endowment Corpus	Total
Endowment net assets, beginning of year	\$ (169,237)	\$ 8,054,688	\$ 7,885,451
Contributions	-	136,000	136,000
Board appropriations	(491,164)	-	(491,164)
Annual present value discount adjustment on long term pledge	-	(233,000)	(233,000)
Net investment return	482,161	-	482,161
Endowment net assets, end of year	<u>\$ (178,240)</u>	<u>\$ 7,957,688</u>	<u>\$ 7,779,448</u>

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

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

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### Note 9 - Net Assets with Donor Restrictions - Endowment Funds – Continued

#### *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, 2023 and 2022, underwater deficiencies totaled \$152,240 and \$169,237, respectively.

### Note 10 - Contributed Services

A substantial number of unpaid volunteers, primarily attorneys, have made significant contributions of their time to develop the Organization’s programs in the presentation of human rights. For the years ended December 31, 2023 and 2022, 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 \$92,194,114 and \$97,951,618, respectively. For 2023 and 2022, this represents approximately 108,831 and 130,984 hours at an average hourly rate of \$734 and \$748, respectively. Contributed services are valued at the estimated fair value based on current rates for similar services.

### Note 11 - Special Event Income

The Organization hosts an annual award dinner plus other events. Other costs have been reflected as event and conferences expense on the statement of functional expenses. The financial summary of the events are as follows:

	December 31,	
	2023	2022
Income	\$ 944,233	\$ 1,161,576
Less: expenses with a direct benefit to donor	<u>(380,024)</u>	<u>(212,153)</u>
	564,209	949,423
Less: other event expenses	<u>(36,904)</u>	<u>(194,072)</u>
Total	<u>\$ 527,305</u>	<u>\$ 755,351</u>

### Note 12 - 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 \$147,841 and \$91,053 for the years ended December 31, 2023 and 2022, respectively.

# Human Rights First

## Notes to Financial Statements

December 31, 2023

### Note 13 - Liquidity and Availability of Financial Resources

The following reflects the Organization's financial assets at December 31, 2023, reduced by amounts that have donor-imposed or board designated restrictions within one year of the statement of financial position.

Cash and cash equivalents	\$ 2,006,534
Investments	272,695
Grants and pledges receivable - due in one year	<u>2,666,506</u>
Total financial assets	4,945,735
Less amounts not available to be used within one year:	
Time restricted pledges due in more than one year	(1,000,000)
Contributions restricted - purpose restrictions	<u>(604,726)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,341,009</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 14 - Subsequent Events

Subsequent events have been evaluated through May 6, 2024, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.