Human Rights First

Financial Statements
Year Ended December 31, 2011

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Human Rights First

Contents

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Independent Auditors' Report

Board of Directors
Human Rights First
New York, New York

We have audited the accompanying statement of financial position of Human Rights First (the "Organization") as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

BDO USA, LLP

June 12, 2012

Human Rights First

Statement of Financial Position

December 31, 2011	
Assets	
Current Assets:	
Cash and cash equivalents (Notes 2 and 10)	**$ 2,572,516**
Investments at fair value (Notes 2 and 3)	**5,365,839**
Grants and pledges receivable, net, current portion (Notes 2 and 4)	**3,015,500**
Other receivables	**131,611**
Prepaid expenses and other assets	**32,546**
Total Current Assets	**11,118,012**
Grants and Pledges Receivable, Less Current Portion (Notes 2 and 4)	**2,823,313**
Security Deposit	**104,999**
Fixed Assets, Net (Notes 2 and 5)	**345,056**
	$14,391,380
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable, accrued expenses and other liabilities	**$ 609,623**
Total Current Liabilities	**609,623**
Commitments (Note 12)	
Net Assets (Notes 2, 7, 8, 9 and 10):	
Unrestricted	**4,096,908**
Unrestricted – Board designated fund for future operations (Note 7)	**2,500,000**
Total Unrestricted Net Assets	**6,596,908**
Temporarily restricted	**6,184,849**
Permanently restricted	**1,000,000**
Total Net Assets	**13,781,757**
	$14,391,380

See accompanying notes to financial statements.

Human Rights First

Statement of Activities

Year ended December 31, 2011

	Unrestricted				
	Current	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support:					
Grants, pledges and contributions	$ 4,594,647	$ -	$ 7,948,908	$ 1,000,000	**$13,543,555**
Contributed program services (Note 11)	30,822,428	-	-	-	**30,822,428**
Investment income	62,454	-	-	-	**62,454**
Other income (Note 12)	411,057	-	-	-	**411,057**
Net assets released from restrictions (Note 9)	4,201,968	-	(4,201,968)	-	**-**
Total Revenues and Other Support	40,092,554	-	3,746,940	1,000,000	**44,839,494**
Expenses:					
Program services:					
Fighting Discrimination	540,116	-	-	-	**540,116**
Refugee Protection/Asylum	32,892,758	-	-	-	**32,892,758**
Human Rights Defenders	382,560	-	-	-	**382,560**
Communications	1,899,553	-	-	-	**1,899,553**
Law and Security	1,130,015	-	-	-	**1,130,015**
Crimes Against Humanity	450,615	-	-	-	**450,615**
Business and Human Rights	201,122	-	-	-	**201,122**
Total Program Services	37,496,739	-	-	-	**37,496,739**
Supporting services:					
Management and general	1,196,022	-	-	-	**1,196,022**
Fundraising and development	959,895	-	-	-	**959,895**
Total Supporting Services	2,155,917	-	-	-	**2,155,917**
Total Expenses	39,652,656		-	-	**39,652,656**
Change in Net Assets	439,898	-	3,746,940	1,000,000	**5,186,838**
Net Assets, Beginning of Year	3,657,010	2,500,000	2,437,909	-	**8,594,919**
Net Assets, End of Year	**$4,096,908**	**$2,500,000**	**$6,184,849**	**$1,000,000**	**$13,781,757**

See accompanying notes to financial statements.

Human Rights First

Statement of Functional Expenses

Year ended December 31, 2011

	Program Services								Supporting Services			
	Fighting Discrimination	Refugee Protection/ Asylum	Human Rights Defenders	Communications	Law and Security	Crimes Against Humanity	Business and Human Rights	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total
Salaries and Related Expenses:												
Salaries	$ 308,797	$ 1,708,412	$ 220,876	$ 582,014	$ 579,105	$ 279,613	$ 118,686	$ 3,797,503	$ 484,614	$ 441,497	$ 926,111	**$ 4,723,614**
Payroll taxes and fringe benefits	63,472	331,963	41,393	118,009	116,441	57,339	19,261	747,878	87,159	85,092	172,251	**920,129**
Total Salaries and Related Expenses	372,269	2,040,375	262,269	700,023	695,546	336,952	137,947	4,545,381	571,773	526,589	1,098,362	**5,643,743**
Other Expenses:												
Consultants and professional fees	14,913	54,475	511	290,874	63,666	602	1,424	426,465	40,003	36,944	76,947	**503,412**
Legal related services (Note 11)	4,440	29,859,911	3,145	632,063	9,289	3,704	1,653	30,514,205	308,224	-	308,224	**30,822,429**
Travel and meals	36,047	139,297	42,202	9,232	65,418	6,795	16,176	315,167	13,639	11,883	25,522	**340,689**
Printing	239	6,028	117	8,368	559	101	19	15,431	89	11,870	11,959	**27,390**
Photo, video and advocacy	84	1,938	59	15,328	49,027	22	10	66,468	1,500	1,402	2,902	**69,370**
Dues, subscriptions and books	583	37,641	3,123	2,193	1,929	1,820	293	47,582	3,903	206	4,109	**51,691**
Staff training and seminars	147	11,706	479	2,464	1,681	98	394	16,969	6,646	80	6,726	**23,695**
Events and conferences	1,697	66,383	559	2,778	30,847	659	294	103,217	2,708	187,746	190,454	**293,671**
Legal and filing fees	248	14,857	176	873	6,734	207	8,505	31,600	17,207	112	17,319	**48,919**
On-line services	-	3	-	21,729	100	-	6	21,838	-	13	13	**21,851**
Postage and delivery	284	6,031	198	785	747	264	117	8,426	1,369	13,467	14,836	**23,262**
Advertising and recruiting	72	4,407	51	255	151	60	27	5,023	5,014	38	5,052	**10,075**
Occupancy	82,763	471,628	50,471	152,136	154,293	75,716	24,710	1,011,717	150,763	109,993	260,756	**1,272,473**
Telephone and website	7,599	43,522	5,959	21,599	14,608	6,666	3,173	103,126	12,450	10,450	22,900	**126,026**
Copying	2,495	13,493	1,748	4,576	4,553	2,250	856	29,971	3,762	3,519	7,281	**37,252**
Office supplies	2,663	18,645	1,973	8,117	5,145	2,384	922	39,849	7,032	4,108	11,140	**50,989**
Bank, investment management and payroll fees	1,141	9,990	775	2,290	2,153	1,020	388	17,757	2,411	16,859	19,270	**37,027**
Repairs, maintenance and rental	6,043	31,247	4,235	11,139	11,294	5,592	2,080	71,630	5,426	16,268	21,694	**93,324**
Miscellaneous	-	-	112	-	210	-	-	322	-	246	246	**568**
Total Expenses Before Depreciation and Amortization	533,727	32,831,577	378,162	1,886,822	1,117,950	444,912	198,994	37,392,144	1,153,919	951,793	2,105,712	**39,497,856**
Depreciation and Amortization	6,389	61,181	4,398	12,731	12,065	5,703	2,128	104,595	42,103	8,102	50,205	**154,800**
Total Expenses	**$540,116**	**$32,892,758**	**$382,560**	**$1,899,553**	**$1,130,015**	**$450,615**	**$201,122**	**$37,496,739**	**$1,196,022**	**$959,895**	**$2,155,917**	**$39,652,656**

See accompanying notes to financial statements.

Human Rights First

Statement of Cash Flows

Year ended December 31, 2011	
Cash Flows From Operating Activities:	
Change in net assets	**$ 5,186,838**
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	**154,800**
Change in present value of pledges receivable	**(41,498)**
Unrealized loss on investments	**5,904**
Donated securities	**(71,903)**
(Increase) decrease in:	
Grants and pledges receivable	**(2,942,670)**
Prepaid expenses and other assets	**14,715**
Security deposit	**(880)**
Other receivables	**(16,436)**
Increase in:	
Accounts payable, accrued expenses and other liabilities	**23,704**
Net Cash Provided By Operating Activities	**2,312,574**
Cash Flows From Investing Activities:	
Proceeds from sale of investments	**3,903,204**
Purchase of investments	**(8,384,687)**
Purchases of fixed assets	**(176,567)**
Net Cash Used In Investing Activities	**(4,658,050)**
Net Decrease in Cash and Cash Equivalents	**(2,345,476)**
Cash and Cash Equivalents, Beginning of Year	**4,917,992**
Cash and Cash Equivalents, End of Year	**$ 2,572,516**

See accompanying notes to financial statements.

1. Nature of Organization

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

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

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

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

(b) Financial Statement Presentation

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

These classes are defined as follows:

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

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

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

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

(c) Cash and Cash Equivalents

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

(d) *Investments at Fair Value*

Financial instruments are carried at fair value. Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures", defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. ASC 820 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Organization classifies fair value balances based on the fair value hierarchy defined by ASC 820 as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments.

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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investment income is recognized when earned and consists of interest, dividends, and realized and unrealized gains and losses. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

(e) *Investment Impairment*

The Organization's investments primarily consist of money market funds, equities and mutual funds. At December 31, 2011, the Organization has deemed that all securities, which were in an unrealized loss position, were temporarily impaired. Positive evidence considered in reaching the Organization's conclusion that the unrealized loss for certain securities is not other-than-temporary consisted of:

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

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

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

(f) Contributions and Grants

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

(g) Contributed Services

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

(h) Contract Revenue and Deferred Revenue

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

(i) Fixed Assets

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

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

(j) Income Taxes

The Organization is a charitable organization that is exempt from Federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code and qualifies for the maximum charitable contribution deduction by individual donors. There was no unrelated business income for 2011.

Under ASC 740, "Income Taxes", an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. For the year ended December 31, 2011, there was no interest or penalties recorded or included in the statement of activities. As of December 31, 2011, the years still subject to examination by a taxing authority are 2008 through 2010.

(k) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Net Asset Classification

The Organization adopted ASC 958-205, "Not-For-Profit Entities". This statement is intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations. This statement provides guidance on classifying the net assets (equity) associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). This law, which is a modified version of UPMIFA, makes significant changes to the rules governing how New York not-for-profit organizations may manage, invest and spend their endowment funds. The new law is designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times. This should provide some relief to organizations that, due to the recent economic downturn, have found themselves with underwater endowments. It also expands the options available to organizations seeking relief from donor restrictions on funds that have become obsolete, impracticable or wasteful. NYPMIFA applies to New York not-for-profit, education and religious corporations, associations organized and operated exclusively for charitable purposes, and certain trusts. The adoption of this law did not have a material effect on the Organization's financial statements.

(m) Provision for Doubtful Accounts

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

(n) Functional Allocation of Expenses

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

(o) Concentration of Credit Risk

The Organization maintains cash balances in bank deposit accounts, which exceeded Federally insured limits. All of the Organization's noninterest-bearing cash balances were fully insured at December 31, 2011 due to a temporary Federal program in effect from December 31, 2011 through December 31, 2012. Under the program, there is no limit to the amount of insurance for eligible accounts. Beginning 2013, insurance coverage will revert to $250,000 per depositor at each financial institution, and the Organization's noninterest-bearing cash balances may again exceed Federally insured limits.

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

(p) Recently Issued Accounting Pronouncement

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs". ASU 2011-04 amended ASC 820 to provide a consistent definition of fair value and improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRSs. Some of the amendments clarify the application of existing fair value measurement and disclosure requirements, while other amendments change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Management does not expect that the provisions of ASU 2011-04 will have an effect on the financial statements.

3. Investments and Fair Value Measurements

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

December 31, 2011

	Fair Value	Cost
Money market funds	$ 686,931	$ 686,931
Equities	50,111	46,446
Fixed income securities	1,407,306	1,408,280
Mutual funds	2,367,980	2,376,574
Private agency loan fund	853,511	853,511
	$5,365,839	$5,371,742

Net investment income consisted of the following:

Year ended June 30, 2011	
Interest and dividend income	$68,878
Net unrealized loss on investments	(6,424)
	$62,454

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

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

Fixed Income Securities

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

Equities

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

Mutual Funds

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

Private Agency Loan Fund

The Organization has an investment in a fund held through a foundation of philanthropic funds. The philanthropic funds primarily consist of money market funds and loans valued at the market rate. As of December 31, 2011, the cost of this investment approximates the fair value.

The following tables present the level within the fair value hierarchy at which the Organization's financial assets and financial liabilities are measured on a recurring basis at December 31, 2011. The assets are presented on a desegregated basis by class, determined by the nature and risk associated with the investment.

	Total at December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds	$ 686,931	$ 686,931	$ -	$-
Equities	50,111	50,111	-	-
Fixed income securities	1,407,306	1,407,306	-	-
Mutual funds	2,367,980	2,367,980		
Private agency loan fund	853,511	-	853,511	-
Total	$5,365,839	$4,512,328	$853,511	$-

The Organization had no financial assets or financial liabilities that were measured at fair value on a nonrecurring basis during the year ended December 31, 2011. In addition, there were no transfers between levels during the year ended December 31, 2011.

4. Grants and Pledges Receivable

During the fiscal year ended May 31, 2006, the Organization received a number of significant multi-year grants and pledges that ranged from two to five years in duration. As required under ASC 958, the Organization recorded them as temporarily restricted revenue and receivables.

At December 31, 2011, the net present value of grants and pledges receivable is $5,838,813. Net present value was calculated using a discounted rate equal to the estimated earnings rate of the Organization cash equivalents from the investment portfolio. At December 31, 2011, the estimated earnings rate of the Organization's cash equivalents was calculated to be approximately 2%.

Net present value of grants and pledges receivable at December 31, 2011 is summarized below:

December 31, 2011	
Total grants and pledges receivable	$5,998,999
Discount at 2%	(85,686)
Net present value of grants and pledges receivable before allowance for doubtful accounts	5,913,313
Less: Allowance for doubtful accounts	(74,500)
	$5,838,813

Grants and pledges receivable consist of the following at December 31, 2011:

December 31, 2011	
Amounts expected to be collected in:	
Less than one year	$3,015,500
Two to five years	2,823,313
	$5,838,813

5. Fixed Assets, Net

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

December 31, 2011	
Furniture and fixtures	$ 205,585
Computers and equipment and software	432,180
Leasehold improvements	858,892
	1,496,657
Less: Accumulated depreciation	(1,151,601)
	$ 345,056

Depreciation expense for the year ended December 31, 2011 was $154,800.

6. Retirement Plan

The Organization has a defined contribution retirement plan (the "Plan") under Section 403(b) of the Code. Participating employees make pretax contributions of up to the maximum allowable IRS limitation. All employees who are at least 21 years of age are eligible to participate in the Plan. The Organization's expense for the Plan was $108,943 for the year ended December 31, 2011. Forfeitures in the amount of $37,009 were applied for 2011, which reduced the pension expense for the year ended December 31, 2011.

The Organization also has a defined contribution retirement plan under Section 457 of the Code (the "457 Plan"). The 457 Plan is open to a select group of management employees of the Organization. The Organization contributes the maximum allowable amounts as defined by The Employee Retirement Income Security Act of 1974 ("ERISA") for the calendar year in which the contribution is made. The Organization made a contribution of $26,163 to the 457 Plan for the year ended December 31, 2011.

7. Board Designated for Future Operations Net Assets

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

December 31, 2011	
Board-designated Reserve Fund	$2,500,000

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

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

8. Temporarily Restricted Net Assets

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

December 31, 2011	
General support	$4,484,849
Law and security	625,000
New Jersey – asylum	75,000
Refugee project	400,000
Advocacy and communications	600,000
	$6,184,849

9. Net Assets Released From Restrictions

During the year ended December 31, 2011, temporarily restricted net assets of $4,201,968 were released from donor-imposed time restrictions.

10. Endowment Fund

In December 2011, the Organization received a donor-restricted endowment of $1,000,000 to be held in perpetuity in a separate permanent fund to be known as the William D. Zabel Fund for Tolerance and the Rule of Law (the "Fund"). Under the terms of the endowment agreement, William D. Zabel must approve both the investment of the Fund and any distributions made from the Fund. In addition, William D. Zabel may at any time direct any part or the entire Fund to be distributed to promote the policies and projects of the Organization. The funds have not yet been invested and were reflected as part of cash and cash equivalents at December 31, 2011. Under NYPMIFA, all endowment income should be classified as temporarily restricted until appropriated for use by the governing board.

The following table provides reconciliation of beginning and ending balances as of December 31, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment balance as of January 1, 2011	$ -	$ -	$ -	$ -
Transfer in	-	-	1,000,000	1,000,000
Purchase of investments	-	-	-	-
Sale of investments	-	-	-	-
Realized and unrealized gain (loss)	-	-	-	-
	$ -	$ -	$1,000,000	$1,000,000

11. Contributed Services

A substantial number of unpaid volunteers, primarily attorneys, have made significant contributions of their time to develop the Organization's programs in the preservation of human rights. For the year ended December 31, 2011, 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 $30,822,428. For these contributed services, the time allotted by the respective law firms for the year ended December 31, 2011 totaled approximately 72,800 hours, which yielded an average hourly rate of $416.

12. Commitments

The Organization leases New York office space under arrangements expiring October 31, 2017 and rents additional Washington, D.C. office space under an operating lease which expires February 28, 2012.

Future minimum annual lease payments are as follows:

Year ending December 31,	
2012	$ 942,831
2013	964,045
2014	985,736
2015	1,007,915
Thereafter	2,084,374
	$5,984,901

Total rent expense, including rent escalations, for facilities for the year ended December 31, 2011 was $1,173,188.

The Organization has entered into various sublease agreements for a portion of the New York City office space. For the year ended December 31, 2011, total sublease income was $357,079, which is included in other income.

13. Subsequent Events

The Organization's management has performed subsequent events procedures through June 12, 2012, which is the date the financial statements were available to be issued and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.