Human Rights First

Financial Statements
Year Ended December 31, 2015

Human Rights First

Financial Statements

Year Ended December 31, 2015

Human Rights First

Contents

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Independent Auditor's Report

Board of Directors
Human Rights First
New York, New York

We have audited the accompanying financial statements of Human Rights First (the "Organization"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Human Rights First as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements and our report, dated June 5, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

June 9, 2016

Human Rights First

Statement of Financial Position
(with comparative totals for 2014)

December 31,	**2015**	2014
Assets		
Current Assets:		
Cash and cash equivalents (Note 2)	**$ 984,803**	$ 82,994
Restricted cash (Note 13)	**475,872**	475,362
Investments at fair value (Notes 2 and 3)	**1,892,918**	4,106,868
Grants and pledges receivable, net, current portion (Notes 2 and 4)	**3,068,000**	4,050,047
Other receivables	**174,714**	113,559
Prepaid expenses and other assets	**283,750**	315,108
Total Current Assets	**6,880,057**	9,143,938
Grants and Pledges Receivable, Net, Less Current Portion (Notes 2 and 4)	**1,386,137**	1,218,627
Security Deposit	**1,656**	1,653
Fixed Assets, Net (Notes 2 and 5)	**1,414,597**	1,627,005
	$ 9,682,447	$11,991,223
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable, accrued expenses and other liabilities	**$ 778,808**	$ 744,877
Deferred revenue (Note 2)	**-**	8,889
Total Current Liabilities	**778,808**	753,766
Deferred Rent (Note 13)	**802,554**	500,015
Total Liabilities	**1,581,362**	1,253,781
Commitments (Notes 6 and 13)		
Net Assets:		
Unrestricted - (deficit) assets (Notes 2, 7, 8, 9 and 10)	**(3,387,773)**	1,417,541
Temporarily restricted (Notes 9 and 10)	**10,488,858**	8,319,901
Permanently restricted (Note 10)	**1,000,000**	1,000,000
Total Net Assets	**8,101,085**	10,737,442
	$ 9,682,447	$11,991,223

See accompanying notes to financial statements.

Human Rights First

Statement of Activities
(with comparative totals for 2014)

Year ended December 31,

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Revenues and Other Support:					
Grants, pledges and contributions	$ 6,156,250	$ 5,000,000	$ -	**$11,156,250**	$ 9,042,931
Contributed program services (Note 12)	46,517,621	-	-	**46,517,621**	39,692,619
Interest and dividend income	55,224	42,913	-	**98,137**	222,640
Realized and unrealized gain (loss) on investments (Note 3)	1,190	(48,164)	-	**(46,974)**	8,300
Other income (Note 13)	533,749	-	-	**533,749**	350,203
Net assets released from restrictions (Note 9)	2,825,792	(2,825,792)	-	**-**	-
Total Revenues and Other Support	56,089,826	2,168,957	-	**58,258,783**	49,316,693
Expenses:					
Program services:					
Refugees	50,981,387	-	-	**50,981,387**	43,415,926
National Security	1,421,847	-	-	**1,421,847**	1,028,862
Human Rights Outreach	260,327	-	-	**260,327**	694,089
Pillar Project	1,040,837	-	-	**1,040,837**	63,004
Anti-Semitism and Extremism	338,939	-	-	**338,939**	135,274
Anti-Trafficking Campaign	950,188	-	-	**950,188**	189,995
Atrocity Enablers	-	-	-	**-**	167,880
LGBTI	342,678	-	-	**342,678**	247,465
Middle East	230,235	-	-	**230,235**	-
FATF	70,287	-	-	**70,287**	-
Communications	1,834,350	-	-	**1,834,350**	2,560,941
Other programs	631,658	-	-	**631,658**	1,807,046
Total Program Services	58,102,733	-	-	**58,102,733**	50,310,482
Supporting services:					
Management and general	1,387,257	-	-	**1,387,257**	1,591,561
Fundraising and development	1,405,150	-	-	**1,405,150**	1,441,758
Total Supporting Services	2,792,407	-	-	**2,792,407**	3,033,319
Total Expenses	60,895,140	-	-	**60,895,140**	53,343,801
Change in Net Assets	(4,805,314)	2,168,957	-	**(2,636,357)**	(4,027,108)
Net Assets, Beginning of Year	1,417,541	8,319,901	1,000,000	**10,737,442**	14,764,550
Net (Deficit) Assets, End of Year	**$ (3,387,773)**	**$10,488,858**	**$1,000,000**	**$ 8,101,085**	$10,737,442

See accompanying notes to financial statements.

Human Rights First

Statement of Functional Expenses
(with comparative totals for 2014)

Year ended December 31,

	Program Services												Supporting Services			Total	
	Refugees	National Security	Human Rights Outreach	Pillar Project	Anti-Semitism and Extremism	Anti-Trafficking Campaign	LGBTI	Middle East	FATF	Communications	Other Programs	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	**2015**	2014
Salaries and Related Expenses:																	
Salaries	$ 3,150,965	$ 746,373	$130,021	$ 212,582	$ 88,939	$405,236	$181,648	$117,954	$42,509	$ 929,951	$395,883	$ 6,402,061	$ 642,841	$ 736,344	$1,379,185	**$ 7,781,246**	$ 6,899,587
Payroll taxes and fringe benefits	728,444	185,579	28,093	50,298	21,976	100,301	39,674	23,600	9,264	232,479	106,150	1,525,858	150,562	183,527	334,089	**1,859,947**	1,409,056
Total Salaries and Related Expenses	3,879,409	931,952	158,114	262,880	110,915	505,537	221,322	141,554	51,773	1,162,430	502,033	7,927,919	793,403	919,871	1,713,274	**9,641,193**	8,308,643
Other Expenses:																	
Consultants and professional fees	223,047	109,372	33,407	196	23,787	8,412	14,079	7,289	42	94,646	381	514,658	34,663	470	35,133	**549,791**	693,570
Legal and related services (Note 12)	45,188,497	119,725	-	716,769	143,388	268,424	-	-	-	16,307	-	46,453,110	64,511	-	64,511	**46,517,621**	39,692,619
Travel and meals	138,892	27,027	18,248	6,442	36,417	18,678	37,645	28,697	5,867	11,797	15,240	344,950	18,227	14,985	33,212	**378,162**	355,659
Printing	4,696	16	3	4	2	1,194	1,986	1,324	1	13,557	7	22,790	591	290	881	**23,671**	45,640
Photo, video and advocacy	3,400	(21,085)	7	8	245	2,037	388	135	2	25,459	16	10,612	1,040	92	1,132	**11,744**	330,688
Dues, subscriptions and books	20,610	901	17,525	1,367	80	85	2,056	119	28	1,508	15,082	59,361	3,803	3,575	7,378	**66,739**	59,902
Staff training and seminars	47,872	7,599	124	1,428	131	3,965	4,095	1,060	33	7,097	1,763	75,167	24,419	4,930	29,349	**104,516**	47,063
Events and conferences	75,082	40,459	343	2,092	2,828	40,963	17,148	17,687	93	169,731	833	367,259	8,260	228,235	236,495	**603,754**	697,180
Legal and filing fees	9,136	207	40	50	30	104	53	35	11	960	257	10,883	8,804	92	8,896	**19,779**	65,024
On-line services	-	38	-	361	-	-	-	-	-	68,819	-	69,218	-	-	-	**69,218**	44,568
Postage and delivery	14,725	1,032	176	247	138	553	267	177	61	146	604	18,126	2,144	24,665	26,809	**44,935**	30,219
Recruiting	1,710	4,489	789	10	6	30	10	7	2	5,889	19	12,961	1,717	-	1,717	**14,678**	13,124
Occupancy	926,666	120,990	18,433	29,653	12,214	59,322	26,462	19,579	7,232	147,860	56,318	1,424,729	277,151	104,738	381,889	**1,806,618**	2,006,942
Telephone and website	61,227	16,134	3,049	3,454	1,707	8,217	3,407	2,322	1,431	23,155	8,690	132,793	12,281	15,235	27,516	**160,309**	259,617
Copying	15,638	3,540	503	805	425	1,843	768	456	181	4,399	2,198	30,756	2,886	3,262	6,148	**36,904**	43,858
Office supplies	83,347	2,930	711	757	429	1,910	787	585	181	10,154	1,814	103,605	17,998	14,182	32,180	**135,785**	72,034
Bank, investment management and payroll fees	28,921	4,830	930	1,396	758	2,560	1,213	824	295	6,367	1,814	49,908	10,376	21,528	31,904	**81,812**	84,438
Repairs, maintenance and rental	87,529	10,576	1,797	2,720	1,228	5,579	2,420	1,848	663	13,887	5,200	133,447	58,903	11,283	70,186	**203,633**	113,552
Miscellaneous	6,675	226	28	36	22	338	37	24	7	152	69	7,614	5,967	926	6,893	**14,507**	41,019
Total Expenses Before Depreciation and Amortization	50,817,079	1,380,958	254,227	1,030,675	334,750	929,751	334,143	223,722	67,903	1,784,320	612,338	57,769,866	1,347,144	1,368,359	2,715,503	**60,485,369**	53,005,359
Depreciation and Amortization	164,308	40,889	6,100	10,162	4,189	20,437	8,535	6,513	2,384	50,030	19,320	332,867	40,113	36791	76,904	**409,771**	338,442
Total Expenses	**$50,981,387**	**$1,421,847**	**$260,327**	**$1,040,837**	**$338,939**	**$950,188**	**$342,678**	**$230,235**	**$70,287**	**$1,834,350**	**$631,658**	**$58,102,733**	**$1,387,257**	**$1,405,150**	**$2,792,407**	**$60,895,140**	$53,343,801

See accompanying notes to financial statements.

Human Rights First

Statement of Cash Flows
(with comparative totals for 2014)

Year ended December 31,	**2015**	2014
Cash Flows From Operating Activities:		
Change in net assets	**$(2,636,357)**	$(4,027,108)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**409,771**	338,442
Change in present value of pledges receivable	**(10,512)**	(58,030)
Unrealized gain on investments	**(100,615)**	(3,022)
Realized loss on investments	**53,641**	11,322
Donated securities	**(7,859)**	(17,965)
(Increase) decrease in:		
Grants and pledges receivable	**825,049**	1,843,879
Other receivables	**(61,155)**	(15,699)
Prepaid expenses and other assets	**31,358**	(87,167)
Security deposit	**(3)**	88,269
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	**33,931**	57,711
Deferred revenue	**(8,889)**	8,889
Deferred rent	**302,539**	200,729
Net Cash Used In Operating Activities	**(1,169,101)**	(1,659,750)
Cash Flows From Investing Activities:		
Increase in restricted cash	**(510)**	(212,426)
Proceeds from sale of investments	**4,527,934**	7,175,125
Purchase of investments	**(2,259,151)**	(4,632,965)
Purchases of fixed assets	**(197,363)**	(1,445,359)
Net Cash Provided By Investing Activities	**2,070,910**	884,375
Net Increase (Decrease) in Cash and Cash Equivalents	**901,809**	(775,375)
Cash and Cash Equivalents, Beginning of Year	**82,994**	858,369
Cash and Cash Equivalents, End of Year	**$ 984,803**	$ 82,994

See accompanying notes to financial statements.

1. Nature of Organization

(a) 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 U.S. 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 35 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.

(b) As shown in the financial statements, the Organization has a deficit in unrestricted net assets in the amount of $3,387,773 at December 31, 2015 and recurring losses of $2,636,357 and $4,027,108 for the years ended December, 2015 and 2014, respectively. The Organization funded these losses with its cash reserves. Management has formulated plans to strengthen the financial position of the Organization going forward by pursuing new or expanded funding initiatives, implementing various reductions in operating costs and capital expenditures, and streamlining activities.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the Organization have been prepared on an accrual basis and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations. In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented 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 class 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 -** 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 designated for future operations of the Organization.

(c) Cash and Cash Equivalents

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

(d) Fair Value Measurements

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

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

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

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

(e) Contributions and Grants

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

(f) 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."

(g) 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. Amounts received in excess of expenditure are classified as deferred revenue until such time as they are utilized for their specific purpose.

(h) 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:

Furniture and fixtures	5 years
Computers and equipment and software	3 years

Leasehold improvements are amortized over the shorter of the useful life or the respective lease term.

(i) Impairment of Long-Lived Assets to be Disposed of

ASC 360, "Property, Plant and Equipment," provides a single accounting model for long-lived assets to be disposed of. ASC 360 also changes the criteria for classifying an asset as held for sale, and broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations and changes the timing of recognizing losses on such operations. In accordance with ASC 360, long-lived assets, such as property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheets. There are no impairment charges recognized for the year ended December 31, 2015.

(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 ("IRS") 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 2015 and 2014.

Under ASC 740, "Income Taxes," an organization must recognize a tax liability for the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the required jurisdictions. For the years ended December 31, 2015 and 2014, there were no interest or penalties recorded or included in the statements of activities. The Organization is subject to routine audit by a taxing authority. As of December 31, 2015 and 2014, the Organization was not subject to any examination by a taxing authority. The Organization believes it is no longer subject to income tax examinations for the years prior to and including 2012 which is the standard statute of limitation look back period.

(k) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(l) Net Asset Classification

In 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). This law, which is a modified version of the Uniform Prudent Management of Institutional Funds Act (“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) Recently Issued Accounting Pronouncement

Accounting for Leases

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, “Leases”, which will require lessees to recognize a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. The standard is effective for non-public business entities for fiscal years beginning after December 15, 2019 and the Organization is currently evaluating the impact of the pending adoption of ASU 2016-02.

Investments Using Net Asset Value

In May 2015, the FASB issued ASU 2015-07, “Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).” ASU 2015-07 was issued to address diversity in practice related to how certain investments measured at net asset value (“NAV”) with redemption dates in the future (including periodic redemption dates) are categorized within the fair value hierarchy. The amendments eliminate the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. As such, certain fair value leveling disclosures are no longer required, although information must be disclosed so that users can reconcile amounts reported in the fair value hierarchy to the statement of financial position. The amendments are effective retrospectively for annual reporting periods beginning after December 15, 2016. Early adoption is permitted. The Organization’s management does not believe that the adoption of the provisions of ASU 2015-07 will have a material effect on its financial statements.

(n) Provision for Doubtful Accounts

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

(o) Functional Allocation of Expenses

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

(p) Expenses

Expenses, including advertising costs, are recorded when incurred.

(q) Concentration of Credit Risk

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

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

(r) Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014 from which the summarized information was derived.

(s) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. Investments and Fair Value Measurements

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

December 31, 2015

	Fair Value	Cost
Money market funds	**$ 15,236**	**$ 15,236**
Fixed income securities	**307,762**	**313,297**
Mutual funds	**1,065,077**	**1,099,122**
Private agency loan fund	**504,843**	**504,843**
	$1,892,918	**$1,932,498**

December 31, 2014

	Fair Value	Cost
Money market funds	$ 35,803	$ 35,803
Fixed income securities	984,256	983,787
Mutual funds	2,154,900	2,202,768
Private agency loan fund	931,909	931,909
	$4,106,868	$4,154,267

Net investment income consisted of the following:

Year ended December 31,	**2015**	2014
Interest and dividend income	**$ 98,137**	$222,640
Net (loss) gain on investments	**(46,974)**	8,300
	$ 51,163	$230,940

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

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

Money Market Funds

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

Equities

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

Fixed Income Securities

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

Mutual Funds

The Organization has investments in mutual funds. For these investments, the Organization has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. Each mutual fund's 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, 2015, the cost of this investment approximates the fair value. The private agency loan fund is classified as a Level 2 measurement of the fair value hierarchy.

The following tables present the level within the fair value hierarchy at which the Organization's financial assets and financial liabilities are measured on a recurring basis at December 31, 2015 and 2014. The assets are presented on a desegregated basis by class, determined by the nature and risk associated with the investment.

December 31, 2015

	Total at December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	**$ 15,236**	**$ 15,236**	**$ -**	**$-**
Fixed income securities	**307,762**	**307,762**	**-**	**-**
Mutual funds	**1,065,077**	**1,065,077**	**-**	**-**
Private agency loan fund	**504,843**	**-**	**504,843**	**-**
Total	**$1,892,918**	**$1,388,075**	**$504,843**	**$-**

December 31, 2014

	Total at December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 35,803	$ 35,803	$ -	$-
Fixed income securities	984,256	984,256	-	-
Mutual funds	2,154,900	2,154,900	-	-
Private agency loan fund	931,909	-	931,909	-
Total	$4,106,868	$3,174,959	$931,909	$-

The Organization had no financial assets or financial liabilities that were measured at fair value on a nonrecurring basis during the years ended December 31, 2015 and 2014. In addition, there were no transfers between levels during the year ended December 31, 2015.

4. Grants and Pledges Receivable

At December 31, 2015 and 2014, the net present value of grants and pledges receivable is $4,454,137 and $5,268,674, respectively. Net present value was calculated using a discounted rate equal to the estimated earnings rate of the Organization cash equivalents from the investment portfolio. At December 31, 2015 and 2014, the estimated earnings rate of the Organization's cash equivalents was calculated to be approximately 1% and 2%, respectively.

Net present value of grants and pledges receivable at December 31, 2015 and 2014 is summarized below:

December 31,	**2015**	2014
Total grants and pledges receivable	**$4,467,998**	$5,293,047
Discount ranging between 1% and 2%	**(13,861)**	(24,373)
	$4,454,137	$5,268,674

Grants and pledges receivable consist of the following at December 31, 2015 and 2014:

December 31,	**2015**	2014
Amounts expected to be collected in:		
Less than one year	**$3,068,000**	$4,050,047
Two to five years	**1,386,137**	1,218,627
	$4,454,137	$5,268,674

5. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31,	**2015**	2014
Furniture and fixtures	**$ 478,022**	$ 451,934
Computers and equipment and software	**840,353**	820,512
Leasehold improvements	**1,192,849**	1,127,468
	2,511,224	2,399,914
Less: Accumulated depreciation and amortization	**(1,096,627)**	(772,909)
	$ 1,414,597	$1,627,005

Depreciation and amortization expense for the years ended December 31, 2015 and 2014 was $409,771 and $338,442, respectively.

During 2015 and 2014, the Organization wrote off approximately $86,000 and $925,000, respectively, for fully depreciated assets.

6. Retirement Plan

The Organization has a defined contribution retirement plan (the "Plan") under Section 403(b) of the Code. Participating employees make pre-tax contributions of up to the maximum allowable IRS limitation. All employees who are at least 21 years of age are eligible to participate in the Plan. The Organization's expense for the Plan was $266,298 and $150,187 for the years ended December 31, 2015 and 2014, respectively. Forfeitures in the amount of $6,691 and $66,592 were applied for 2015 and 2014, respectively, which reduced the pension expense for the years ended December 31, 2015 and 2014.

The Organization also has a defined contribution retirement plan under Section 457(b) of the Code (the "457(b) Plan"). The 457(b) is open to a select group of management employees of the Organization. The Organization may contribute up to the maximum allowable amounts as defined by The Employee Retirement Income Security Act of 1974 ("ERISA") for the calendar year in which the contribution is made. The Organization made a contribution of $-0- to the 457(b) for the years ended December 31, 2015 and 2014. Participant employees may make pre-tax deferrals up to the IRS limit for any taxable year. The limit for both 2015 and 2014 was $17,500. The market value of the participants' account balance at December 31, 2015 and 2014 was $276,817 and $204,179, respectively, and is included in other assets and other liabilities on the statement of financial position.

7. Board Designated Fund for Future Operations Net Assets

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

The Board designated fund for future operations consist of the following:

December 31,	**2015**	2014
Board-designated Reserve Fund	**$2,500,000**	$2,500,000

8. Temporarily Restricted Net Assets

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

December 31,	**2015**	2014
Time restricted	**$ 6,787,692**	$5,346,859
National Security	**1,021,839**	2,073,042
Anti-Semitism Campaign	**204,054**	-
Refugees	**2,475,000**	900,000
	$10,488,858	$8,319,901

9. Net Assets Released From Restrictions

During the years ended December 31, 2015 and 2014, temporarily restricted net assets of $2,825,792 and $3,426,100, respectively, were released from donor-imposed time restrictions.

The temporarily restricted net assets were released for the benefit of the following programs:

December 31,	**2015**	2014
National Security	**$1,304,845**	$ 1,028,862
Anti-Semitism and Extremism	**195,946**	125,000
Refugees	**1,325,001**	2,172,238
LGBTI	**-**	100,000
	$2,825,792	$ 3,426,100

10. Endowment Fund

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

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

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

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the donor's intent. Subject to the intent of a donor expressed in the gift instrument, the Board may appropriate for expenditure or accumulate so much of an endowment fund as the Board determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established.

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of the Organization and the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;

- the expected total return from income and the appreciation of investments;
- 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;
- the investment policies of the Organization; and
- other resources of the Organization.

The following tables provide reconciliation of the change in the Organization's investment income on endowment net assets for the years ended December 31, 2015 and 2014:

Year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	**$-**	**$116,542**	**$1,000,000**	**$1,116,542**
Net depreciation	**-**	**(48,164)**	**-**	**(48,164)**
Interest and dividend income	**-**	**42,913**	**-**	**42,913**
	$-	**$111,291**	**$1,000,000**	**$1,111,291**

Year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$-	$ 75,404	$1,000,000	$1,075,404
Net depreciation	-	(9,553)	-	(9,553)
Interest and dividend income	-	50,691	-	50,691
	$-	$116,542	$1,000,000	$1,116,542

The breakdown of invested assets is as follows:

December 31, 2015

Money market funds	**$ 12,119**
Fixed income securities	**233,141**
Mutual funds	**866,031**
	$1,111,291

December 31, 2014

Money market funds	$ 12,639
Fixed income securities	345,630
Mutual funds	758,273
	$1,116,542

The Organization has adopted investment and spending policies for endowment assets that attempt to provide sufficient income to meet various program and operational expenses, and to extend the pursuit of the Organization's mission in perpetuity.

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

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

In 2015 and 2014, the Board of Directors did not approve any amounts for appropriation.

11. Allocation of Joint Costs

The Organization conducts activities that include requests for contributions, as well as program components. Those activities include mail campaigns and special events. During the years ended December 31, 2015 and 2014, the costs of conducting those activities included a total of $3,161,587 and $1,802,198, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

Year ended December 31,	**2015**	2014
Fundraising and Development	**$1,405,150**	$1,441,758
Refugees	**1,541,160**	311,045
National Security	**42,982**	7,371
Human Rights Outreach	**7,870**	4,973
Pillar Project	**31,464**	451
Anti-Semitism and Extremism	**10,246**	969
Human Trafficking	**28,724**	1,361
Atrocity Enablers	**-**	1,203
LGBTI	**10,359**	1,773
Middle East	**6,960**	-
FATF	**2,125**	-
Communications	**55,452**	18,347
Other Programs	**19,095**	12,947
	$3,161,587	$1,802,198

12. Contributed Services

A substantial number of unpaid volunteers, primarily attorneys, have made significant contributions of their time to develop the Organization's programs in the preservation of human rights. For the years ended December 31, 2015 and 2014, 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 $46,517,621 and $39,692,619, respectively. For these contributed services, the time allotted by the respective law firms for the years ended December 31, 2015 and 2014 totaled approximately 90,184 and 79,152 hours, respectively, which yielded an average hourly rate of $516 and $492, respectively.

13. Commitments

The Organization leases office space located at 333 Seventh Avenue, New York, NY under arrangements expiring October 31, 2017. The Organization signed a lease agreement for an 11-year period for a second New York City office space located at 75 Broad Street, New York, NY which began on November 1, 2014. The Organization received a rent credit in the amount of $329,640.

The Organization signed a lease agreement for a 10-year period for the Washington D.C. office which began on January 1, 2013. The Organization received a rent credit in the amount of $307,048.

The Organization signed a lease agreement for a 2-year period for the Houston office space which began on April 1, 2014.

Under U.S. GAAP, all rental payments, including fixed rent increases, less any rental abatements, are recognized on a straight-line basis over the term of the respective lease. The difference between U.S. GAAP rent expense and the actual lease payments is reflected as deferred rent. At December 31, 2015 and 2014, $802,554 and $500,015, respectively, of deferred rent is included on the statement of financial position.

Future minimum annual lease payments are as follows:

Year ending December 31,	
2016	$ 1,541,803
2017	1,513,701
2018	1,258,443
2019	1,299,077
Thereafter	6,622,381
	$12,235,405

Total rent expense for facilities for the years ended December 31, 2015 and 2014 was $1,692,621 and $1,695,163, respectively.

Irrevocable letters of credit of $262,248 and $211,805 were accepted as security deposits by the landlords of the Washington, DC office space and the New York City office space located at 75 Broad Street, New York, NY, respectively. As of December 31, 2015 and 2014, the balance of the bank accounts holding the letters of credit, including accrued interest, is $475,892 and $475,362, respectively. These amounts are included in restricted cash on the statement of financial position.

The Organization has entered into sublease agreements with various subtenants for the New York City office space located at 333 Seventh Avenue, New York, NY. For the years ended December 31, 2015 and 2014, total sublease income was $227,691 and $235,938, respectively, which is included in other income on the statement of activities.

14. Advertisement and Promotion Expenses

During the years ended December 31, 2015 and 2014, the Organization incurred advertising and promotion expenses in the amount of $49,878 and $228,185, respectively, to further advance the Organization's initiatives.

15. Subsequent Events

The Organization's management has performed subsequent events procedures through June 9, 2016, which is the date the financial statements were available to be issued. No events arose during the period which would require adjustments or additional disclosures.