SCHALL & ASHENFARB Certified Public Accountants, LLC

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HUMAN RIGHTS FIRST

Audited Financial Statements

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Human Rights First

Report on the Financial Statements

We have audited the accompanying financial statements of Human Rights First ("the Organization"), which comprise the statements of financial position as of December 31, 2019, 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.

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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, 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated April 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

May 11, 2020

HUMAN RIGHTS FIRST
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2019
(With comparative totals at December 31, 2018)

	12/31/19	12/31/18
Assets		
Cash and cash equivalents	$699,399	$665,097
Investments (Note 3)	1,062,916	2,218,133
Prepaid expenses and other assets	120,138	113,325
Grants and pledges receivable, net (Note 4)	2,611,308	4,775,646
Other receivables	65,233	74,214
Security deposits	141,259	131,124
Restricted cash (Note 12)	212,940	212,770
Grants and pledges receivable, net - restricted for endowment (Notes 4 and 8)	4,295,000	0
Investments restricted for endowment (Notes 3 and 8)	4,310,769	1,004,885
Fixed assets, net (Note 5)	442,949	587,699
Total assets	$13,961,911	$9,782,893
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$201,659	$204,091
Accrued payroll and related liabilities	270,184	246,578
Deferred rent	850,678	895,544
Total liabilities	1,322,521	1,346,213
Commitments and contingencies (Note 12)		
Net assets:		
Without donor restrictions	(92,107)	1,306,262
With donor restrictions (Note 7)	12,731,497	7,130,418
Total net assets	12,639,390	8,436,680
Total liabilities and net assets	$13,961,911	$9,782,893

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, 2019
(With comparative totals for the year ended December 31, 2018)

		With Donor Restrictions					
	Without Donor Restrictions	Donor Restricted Time	Donor Restricted Programs	Donor Restricted Endowment	Total	Total 12/31/19	Total 12/31/18
Public support and revenue:							
Public support:							
Contributions	$1,259,177	$1,454,400	$3,559,660	$6,057,500	$11,071,560	$12,330,737	$14,316,424
Special event, net	1,494,118				0	1,494,118	1,821,762
Contributed program services	59,524,657				0	59,524,657	60,609,107
Fellowship contributions	238,086				0	238,086	237,797
Investment income, net	52,928			412,196	412,196	465,124	3,725
Other income	57,138				0	57,138	164,839
Net assets released from restriction	6,813,865	(4,314,400)	(2,499,465)		(6,813,865)	0	0
Total public support and revenue	69,439,969	(2,860,000)	1,060,195	6,469,696	4,669,891	74,109,860	77,153,654
Expenses:							
Program services:							
Refugee protection	61,671,040				0	61,671,040	65,728,074
National security	2,763,951				0	2,763,951	745,755
Foreign policy	1,632,302				0	1,632,302	1,242,817
VFAI	691,784				0	691,784	642,640
Communications and outreach	612,726				0	612,726	467,089
Total program services	67,371,803	0	0	0	0	67,371,803	68,826,375
Supporting services:							
Management and general	1,686,691				0	1,686,691	1,128,038
Fundraising	848,656				0	848,656	927,998
Total supporting services	2,535,347	0	0	0	0	2,535,347	2,056,036
Total expenses	69,907,150	0	0	0	0	69,907,150	70,882,411
Change in net assets before transfer and reclassification	(467,181)	(2,860,000)	1,060,195	6,469,696	4,669,891	4,202,710	6,271,243
Transfers (See Note 8)	(520,000)			520,000	520,000	0	0
Reclassification (Note 8)	(411,188)	(200,000)		611,188	411,188	0	0
Change in net assets	(1,398,369)	(3,060,000)	1,060,195	7,600,884	5,601,079	4,202,710	6,271,243
Net assets - beginning of year	1,306,262	4,460,000	1,665,533	1,004,885	7,130,418	8,436,680	2,165,437
Net assets - end of year	($92,107)	$1,400,000	$2,725,728	$8,605,769	$12,731,497	$12,639,390	$8,436,680

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, 2019
(With comparative totals for the year ended December 31, 2018)

	Program Services						Supporting Services				
	Refugee Protection	National Security	Foreign Policy	VFAI	Communications & Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 12/31/19	Total Expenses 12/31/18
Salaries	$3,081,549	$432,010	$450,369	$303,599	$166,345	$4,433,872	$535,628	$391,258	$926,886	$5,360,758	$5,630,477
Payroll taxes and benefits	681,556	101,292	102,964	70,726	34,340	990,878	125,931	91,164	217,095	1,207,973	1,273,949
Professional fees	317,600	61,901	111,864	155,245	276,014	922,624	99,066	47,150	146,216	1,068,840	451,556
Legal and related services	56,090,613	1,998,261	766,416			58,855,290	669,367		669,367	59,524,657	60,609,107
Travel and meals	144,397	8,970	10,282	3,230	2,994	169,873	10,051	19,943	29,994	199,867	142,863
Printing and promotional	1,185	43	89	3,184	19,730	24,231	8	3,593	3,601	27,832	51,168
Dues and subscriptions	10,691	1,076	90	16	1,320	13,193	886	1,646	2,532	15,725	78,082
Staff training/seminars	9,951	501	390	2,315	46	13,203	4,850	415	5,265	18,468	21,399
Events and conferences	74,952	3,422	1,876	40,469	712	121,431	4,669	278,887	283,556	404,987	497,040
On-line services	1,055			244	18,465	19,764			0	19,764	23,287
Postage and delivery	17,849	892	877	632	354	20,604	2,262	2,222	4,484	25,088	22,995
Recruiting	1,771	79	47	20	18	1,935	1,935		1,935	3,870	123,775
Occupancy	840,215	112,390	114,023	81,088	44,222	1,191,938	141,532	102,299	243,831	1,435,769	1,407,401
Telephone and website	71,968	8,944	9,081	6,459	4,063	100,515	12,195	8,132	20,327	120,842	115,065
Copying	32,971	4,412	4,437	3,234	1,788	46,842	5,733	4,070	9,803	56,645	64,265
Office supplies	42,338	2,515	2,260	1,717	942	49,772	16,084	2,520	18,604	68,376	45,238
Bank and other fees	1,655	82	84	71	41	1,933	7,934	25,813	33,747	35,680	61,334
Repairs and maintenance	71,497	6,367	6,382	4,441	32,746	121,433	9,690	27,066	36,756	158,189	111,070
Insurance	51,234	6,588	6,588	4,600	2,568	71,578	13,959	5,844	19,803	91,381	74,101
Miscellaneous	22,471	283	30,094	140	51	53,039	7,206	250	7,456	60,495	23,717
Depreciation	103,522	13,923	14,089	10,354	5,967	147,855	17,705	13,134	30,839	178,694	227,920
Total expenses	61,671,040	2,763,951	1,632,302	691,784	612,726	67,371,803	1,686,691	1,025,406	2,712,097	70,083,900	71,055,809
Less: direct special event expenses netted with revenue						0		(176,750)	(176,750)	(176,750)	(173,398)
Total expenses for statement of activities	$61,671,040	$2,763,951	$1,632,302	$691,784	$612,726	$67,371,803	$1,686,691	$848,656	$2,535,347	$69,907,150	$70,882,411

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, 2019
(With comparative totals for the year ended December 31, 2018)

	12/31/19	12/31/18
Cash flows from operating activities:		
Change in net assets	$4,202,710	$6,271,243
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	178,694	227,920
Net (gain)/loss on investments	(344,006)	36,879
Contributions received for endowment	(1,882,500)	0
Changes in assets and liabilities:		
Prepaid expenses and other assets	(6,813)	221,275
Grants and pledges receivable	2,164,338	(4,125,471)
Other receivables	8,981	(12,805)
Grants and pledges receivable - restricted for endowment	(4,295,000)	0
Accounts payable and accrued expenses	(2,432)	(212,322)
Accrued payroll and related liabilities	23,606	(14,998)
Deferred rent	(44,866)	(4,472)
Total adjustments	(4,199,998)	(3,883,994)
Net cash flows provided by operating activities	2,712	2,387,249
Cash flows from investing activities:		
Purchase of fixed assets	(33,944)	(59,744)
Purchases of investments	(8,765,152)	(6,782,188)
Proceeds from sales of investments	6,948,356	4,336,006
Net cash flows used for investing activities	(1,850,740)	(2,505,926)
Cash flows from financing activities:		
Contributions received for endowment	1,882,500	0
Repayment of line of credit	0	(250,000)
Net cash flows provided by/(used for) financing activities	1,882,500	(250,000)
Net increase/(decrease) in cash and cash equivalents	34,472	(368,677)
Cash, cash equivalents and restricted cash - beginning of year	877,867	1,246,544
Cash, cash equivalents and restricted cash - end of year	$912,339	$877,867
Supplemental disclosure of cash flow information:		
Total interest and income taxes paid	$0	$0
Cash and cash equivalents	$699,399	$665,097
Restricted cash	212,940	212,770
	$912,339	$877,867

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

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. <u>Basis of Accounting</u>
The financial statements of the Organization have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

Effective January 1, 2019 the Organization adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective January 1, 2019, the Organization adopted ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the Organization evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the Organization applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

For contributions, the Organization evaluates whether they are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for the Organization to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way the Organization recognizes revenue.

b. Basis of Presentation

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

- *Net Assets Without Donor Restrictions* – accounts for activity without donor-imposed restrictions.

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

c. Revenue Recognition

Contributions are recorded at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed 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 time period they are received, they are classified as without donor restrictions.

The Organization records unconditional promises to give as revenue in the period received at net realizable value if expected to be received within one year or at fair value, using risk adjusted present value techniques, if material and expected to be received after one year. Long-term pledges are treated as implied time restricted until the period they are due, at which time they will be released from restriction and transferred to net assets without donor restrictions.

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.

e. Concentration of Credit Risk
Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash, money market accounts and investment securities that have been placed with high-quality financial institutions that management deems to be creditworthy. Investments are subject to market value fluctuations and principal is not guaranteed. At times, balances may exceed federally insured limits. While at year end there were material uninsured balances the Organization has not experienced any losses due to bank failure.

f. Investments
Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses, net of investment fees, are recognized on the statement of activities.

g. Fair Market Measurements
Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

h. Fixed Assets
Fixed assets that the Organization retains title to and which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Depreciation is recorded using the straight-line method over the assets' estimated useful life (*3-5 years)*.

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

i. 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, 2016 and later are subject to examination by applicable taxing authorities.

j. 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.

k. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

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

- Salaries
- Payroll taxes and benefits
- Occupancy
- Telephone
- Office supplies
- Depreciation

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

l. In-Kind Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria of in kind services and have not been recorded in the financial statements.

m. Advertising

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

n. 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, 2018, from which the summarized information was derived.

o. New Accounting Pronouncement

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

The Organization is in the process of evaluating the impact this standard will have on future financial statements.

Note 3 - Investments and Fair Value Measurements

The following summarizes investments at the year-end date:

	12/31/19	12/31/18
Investments	$1,062,916	$2,218,133
Investments restricted for endowment	4,310,769	1,004,885
Total	$5,373,685	$3,223,018

The following is a breakdown of significant investment classes:

	12/31/19		12/31/18	
	Fair Value	Cost	Fair Value	Cost
Money market funds	$998,034	$998,034	$2,026,641	$2,026,842
Mutual funds – fixed income	964,353	945,800	312,938	315,381
Mutual funds - equities	0	0	222,788	238,514
Equities	1,901,952	1,650,757	80,835	39,725
Exchange traded funds	73,228	48,852	60,567	64,132
Corporate bonds and notes	321,774	299,065	0	0
Government securities	246,343	229,697	0	0
Asset backed securities	328,417	325,951	0	0
Private agency loan fund	539,584	539,584	519,249	519,249
Total	$5,373,685	$5,037,740	$3,223,018	$3,203,843

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

	December 31, 2019		
	Level 1	Level 2	Total
Money market funds	$998,034	$0	$998,034
Mutual funds – fixed income	964,353	0	964,353
Equities	1,901,952	0	1,901,952
Exchange traded funds	73,228	0	73,228
Corporate bonds and notes	321,774	0	321,774
Government securities	246,343	0	246,343
Asset backed securities	328,417	0	328,417
Private agency loan fund	0	539,584	539,584
Total	$4,834,101	$539,584	$5,373,685

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

Subsequent to year-end, volatility experienced in the financial markets has resulted in a significant decline in the market value of certain investments.

Investment income consists of the following:

	12/31/19	12/31/18
Interest and dividends	$152,976	$42,645
Realized and unrealized gain/(loss) on investments	344,006	(36,879)
Investment fees	(31,858)	(2,041)
Total	$465,124	$3,725

Note 4 - Grants and Pledges Receivable

The following is a summary of grants and pledges receivable:

	12/31/19	12/31/18
Grants and pledges receivable	$2,662,950	$4,808,000
Grants and pledges receivable – restricted for endowment	5,970,000	0
Total grants and pledges receivable	8,632,950	4,808,000
Less: discount ranging between 1% and 2%	(1,726,642)	(32,354)
Total	$6,906,308	$4,775,646

As of December 31, 2019, grants and pledges receivable are expected in the following periods:

Year ending:	December 31, 2020	$2,254,550
	December 31, 2021	838,400
	December 31, 2022	290,000
	December 31, 2023	250,000
	December 31, 2024	0
	Thereafter	5,000,000
Total		$8,632,950

Note 5- Fixed Assets, Net

Fixed assets consist of the following:

	12/31/19	12/31/18
Furniture and fixtures	$480,142	$478,022
Computers, equipment and software	926,131	894,307
Leasehold improvements	1,008,232	1,192,849
	2,414,505	2,565,178
Less: depreciation and amortization	(1,971,556)	(1,977,479)
Total	$442,949	$587,699

Note 6- Lines of Credit

The Organization entered into a non-interest-bearing credit agreement in May 2017 with an individual for an amount not to exceed $250,000. The line expired on May 1, 2018 and was repaid in full as of December 31, 2018.

On August 19, 2019, the Organization entered into a line of credit agreement with a financial institution for an amount not to exceed $1,000,000. Interest is calculated at a rate of 3% and the line expires on August 19, 2020. At December 31, 2019, there was no outstanding balance.

Note 7- Net Assets With Donor Restrictions

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

	12/31/19	12/31/18
Program restricted:		
National Security	$416,528	$675,000
Foreign Policy	1,127,500	130,833
Refugee Protection	1,137,950	558,000
Advocacy	0	0
Vets for American Ideals	43,750	301,700
Total program restricted	2,725,728	1,665,533
Endowment	8,605,769	1,004,885
Time restricted	1,400,000	4,460,000
Total	$12,731,497	$7,130,418

The following summarizes net assets released from restrictions:

	12/31/19	12/31/18
Program restricted:		
National Security	$518,462	$254,556
Foreign Policy	332,333	586,667
Refugee Protection	1,389,398	1,381,500
Vets for American Ideals	259,272	480,460
Communications	0	18,500
Advocacy	0	137,500
Total program restricted	2,499,465	2,859,183
Time restricted	4,314,400	22,000
Total	$6,813,865	$2,881,183

Note 8- Net Assets With Donor Restrictions - Endowment Funds

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

	Investments	Pledges Receivable	Total
Cash Reserve Endowment	$539,584	$0	$539,584
Donor Restricted Endowment Fund 2	1,176,512	0	1,176,512
William D. Zabel Legacy Fund	2,594,673	4,295,000	6,889,673
Total	$4,310,769	$4,295,000	$8,605,769

On August 31, 2001, the Organization received a donor contribution of $500,000 to be used to establish a cash reserve endowment. Under the terms of the agreement, the donor must maintain the funds in an earmarked fund account specified by the donor.

In December 2011, the Organization received a donor endowment of $1,000,000 to be held in perpetuity (the "Fund"). Under the terms of the endowment agreement, 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.

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 in the 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.

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, 2019 are as follows:

	Endowment Earnings/ Borrowings	Endowment Corpus	Total
Endowment net assets, beginning of year	($495,115)	$1,500,000	$1,004,885
Transfers in (a)	520,000	0	520,000
Contributions (b)	0	6,057,500	6,057,500
Reclassification of prior year contributions (c)		611,188	611,188
Net investment return	412,196	0	412,196
Endowment net assets, end of year	$437,081	$8,168,688	$8,605,769

a) During 2019, the Organization transferred $520,000 from operations to the endowment to replenish prior year borrowings.

b) Included in contributions is the $5,000,000 pledge referred to above, reduced to fair value using present value techniques.

c) In establishing the William D. Zabel Legacy Fund, the Organization was required to designate previously unrestricted funds to be included as part of the endowment corpus.

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

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

Endowment Investment Policies

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

A total return strategy is used, and investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A diversified asset allocation strategy is used that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Under the terms of the $1,000,000 endowment, the Organization may appropriate for distribution each year the greater of the income and appreciation earned on the principal and an amount equal to 5% of the fair market value of the principal. In establishing this policy, the Organization considered the long-term expected return on its endowment.

Funds with Deficiencies

From time to time, the fair value of assets of individual donor-restricted endowment funds may fall below the level required to be maintained in perpetuity in accordance with NYPMFA or the applicable donor gift agreement, creating an "underwater" endowment. Additionally, as noted above, for one of the endowment funds, certain named individuals may at any time permit any part or the entire fund to be temporarily distributed. At December 31, 2018, as the result of borrowings from the endowment, underwater deficiencies totaled $495,115. There were no such deficiencies as of December 31, 2019.

Note 9- Contributed Services

A substantial number of unpaid volunteers, primarily attorneys, have made significant contributions of their time to develop the Organization's programs in the presentation of human rights. For the years ended December 31, 2019 and 2018, 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 $59,524,657 and $60,609,107, respectively. For 2019 and 2018 this represents approximately 100,274 and 101,414 hours at an average hourly rate of $593 and $598, respectively.

Note 10 - Special Event Income

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

	12/31/19	12/31/18
Income	$1,670,868	$1,995,160
Less: expenses with a direct benefit to donor	(176,750)	(173,398)
	1,494,118	1,821,762
Less: other event expenses	(171,878)	(167,445)
Total	$1,322,240	$1,654,317

Note 11- Retirement Plan

The Organization has a defined contribution retirement plan (the "Plan") under Section 403(b) of the Code. Participating employees make pre-tax contributions of up to the maximum allowable IRS limitation. All employees who are at least 21 years of age are eligible to participate in the Plan. The Organization's expense for the Plan for the years ended December 31, 2019 and 2018 was $84,530 and $142,761, respectively.

Note 12- Commitments

The Organization signed a lease agreement for a new office in New York, NY. This began on November 1, 2014 and expires November 1, 2025. The Organization received a rent credit in the amount of $329,640 over the life of the lease.

The Organization signed a lease agreement for a 10-year period for the Washington D.C. office, which began on January 1, 2013 and expires January 31, 2023. The Organization received a rent credit in the amount of $307,048 over the life of the lease.

The Organization's lease agreement for the Houston office space expired March 31, 2018. The Organization is currently occupying this space on a month-to-month basis.

The Organization signed a lease agreement for a 5-year period for the Los Angeles office, which began on December 1, 2019 and expires November 30, 2024. The Organization received a rent abatement for three months over the term of the lease during months 2, 13 and 25.

Finally, the Organization signed a one-year lease agreement for an apartment in New York City which began on October 15, 2019 and expires on October 14, 2020. The apartment is open for use by the chief executive officer and certain other named senior staff members.

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 rent expense and the actual lease payments is reflected as deferred rent. Deferred rent, included on the statements of financial position amounted to $850,678 and $895,544 for the years ended December 31, 2019 and 2018, respectively. Future minimum annual lease payments are as follows:

Year ending	December 31, 2020	$1,468,309
	December 31, 2021	1,467,044
	December 31, 2022	1,503,921
	December 31, 2023	924,550
	December 31, 2024	884,361
	Thereafter	701,073
Total		$6,949,258

Total rent expense for facilities was $1,284,421 and $1,261,041 in the years ending December 31, 2019 and 2018, respectively.

Restricted cash

Included within restricted cash on the statements of financial position are:

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 $212,940 and $212,770 for the years ended December 31, 2019 and 2018, respectively.

Note 13 - Liquidity and Availability of Financial Resources

The following reflects the Organization's financial assets at December 31, 2019, reduced by amounts that have donor-imposed or board-designated restrictions within one year of the balance sheet date.

Cash and cash equivalents	$699,399	
Investments	1,062,916	
Grants and pledges receivable	2,611,308	
Other receivables	65,233	
Total financial assets		$4,438,856
Less amounts not available to be used within one year:		
Time restricted pledges due in more than one year		(650,000)
Contributions restricted – purpose restrictions		(2,725,728)
Financial assets available to meet cash needs for general expenditures within one year		$1,063,128

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

Management has evaluated the impact of all subsequent events through May 11, 2020, which is the date that the financial statements were available to be issued.

Subsequent to year end, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. This could adversely affect the Organization's donors, program participants and suppliers as a result of quarantines, facility closures, and travel and logistics restrictions in connection with the outbreak. More broadly, the outbreak could affect workforces, economies and financial markets globally, potentially leading to an economic downturn. This could decrease spending, adversely affect demand for the Organization's services and harm the Organization's business and results of operations. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact of such on the Organization's business cannot be quantified.