Human Rights First

Financial Statements
Year Ended December 31, 2012

Human Rights First

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Human Rights First

Contents

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Independent Auditor's Report

Board of Directors
Human Rights First
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Human Rights First (the "Organization"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. Information for the year ended December 31, 2011 is presented for comparative purposes only and was extracted from the financial statements of Human Rights First for that year, on which we expressed an unqualified opinion, dated June 12, 2012.

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, 2012, 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.

BDO USA, LLP

May 10, 2013

Human Rights First

Statement of Financial Position
(with comparative totals for 2011)

December 31,	**2012**	2011
Assets		
Current Assets:		
Cash and cash equivalents (Notes 2 and 10)	**$ 877,344**	$ 2,572,516
Investments at fair value (Notes 2 and 3)	**7,544,278**	5,365,839
Grants and pledges receivable, net, current portion (Notes 2 and 4)	**3,713,300**	3,015,500
Other receivables	**97,613**	131,611
Prepaid expenses and other assets	**173,557**	32,546
Total Current Assets	**12,406,092**	11,118,012
Grants and Pledges Receivable, Less Current Portion (Notes 2 and 4)	**2,098,230**	2,823,313
Security Deposit	**104,840**	104,999
Fixed Assets, Net (Notes 2 and 5)	**654,179**	345,056
	$15,263,341	$14,391,380
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable, accrued expenses and other liabilities	**$ 831,630**	$ 609,623
Deferred event revenue, current portion (Notes 2 and 4)	**25,960**	-
Total Current Liabilities	**857,590**	609,623
Commitments (Note 12)		
Net Assets (Notes 2, 7, 8, 9 and 10):		
Unrestricted	**4,548,547**	4,096,908
Unrestricted – Board designated fund for future operations (Note 7)	**2,500,000**	2,500,000
Total Unrestricted Net Assets	**7,048,547**	6,596,908
Temporarily restricted	**6,357,204**	6,184,849
Permanently restricted	**1,000,000**	1,000,000
Total Net Assets	**14,405,751**	13,781,757
	$15,263,341	$14,391,380

See accompanying notes to financial statements.

Human Rights First

Statement of Activities
(with comparative totals for 2011)

Year ended December 31,

	Unrestricted				Total	
	Current	Board Designated	Temporarily Restricted	Permanently Restricted	**2012**	2011
Revenues and Other Support:						
Grants, pledges and contributions	$ 4,449,597	$ -	$ 5,764,610	$ -	**$10,214,207**	$13,543,555
Contributed program services (Note 11)	29,568,765	-	-	-	**29,568,765**	30,822,428
Interest and dividend income	163,114	-	35,134	-	**198,248**	68,358
Realized and unrealized gain (loss) on investment	82,011	-	22,404		**104,415**	(5,904)
Other income (Note 12)	406,112	-	-	-	**406,112**	411,057
Net assets released from restrictions (Note 9)	5,649,793	-	(5,649,793)	-	**-**	-
Total Revenues and Other Support	40,319,392	-	172,355	-	**40,491,747**	44,839,494
Expenses:						
Program services:						
Fighting Discrimination	519,367	-	-	-	**519,367**	540,116
Refugee Protection/Asylum	32,148,247	-	-	-	**32,148,247**	32,892,758
Human Rights Defenders	435,123	-	-	-	**435,123**	382,560
Communications	2,288,960	-	-	-	**2,288,960**	1,899,553
Law and Security	1,122,088	-	-	-	**1,122,088**	1,130,015
Crimes Against Humanity	578,119	-	-	-	**578,119**	450,615
Business and Human Rights	241,119	-	-	-	**241,119**	201,122
Total Program Services	37,333,023	-	-	-	**37,333,023**	37,496,739
Supporting services:						
Management and general	1,284,836	-	-	-	**1,284,836**	1,196,022
Fundraising and development	1,249,894	-	-	-	**1,249,894**	959,895
Total Supporting Services	2,534,730	-	-	-	**2,534,730**	2,155,917
Total Expenses	39,867,753	-	-	-	**39,867,753**	39,652,656
Change in Net Assets	451,639	-	172,355	-	**623,994**	5,186,838
Net Assets, Beginning of Year	4,096,908	2,500,000	6,184,849	1,000,000	**13,781,757**	8,594,919
Net Assets, End of Year	**$ 4,548,547**	**$2,500,000**	**$ 6,357,204**	**$1,000,000**	**$14,405,751**	$13,781,757

See accompanying notes to financial statements.

Human Rights First

Statement of Functional Expenses
(with comparative totals for 2011)

Year ended December 31,

	Program Services								Supporting Services			Total	
	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	**2012**	2011
Salaries and Related Expenses:													
Salaries	$ 310,403	$ 1,896,411	$ 230,717	$ 727,674	$ 579,987	$ 315,852	$ 125,042	$ 4,186,086	$ 480,766	$ 618,340	$ 1,099,106	**$ 5,285,192**	$ 4,723,614
Payroll taxes and fringe benefits	69,994	409,452	51,017	161,600	130,337	70,063	28,090	920,553	101,834	134,306	236,140	**1,156,693**	920,129
Total Salaries and Related Expenses	380,397	2,305,863	281,734	889,274	710,324	385,915	153,132	5,106,639	582,600	752,646	1,335,246	**6,441,885**	5,643,743
Other Expenses:													
Consultants and professional fees	3,035	152,473	2,103	173,350	36,711	57,637	15,598	440,907	109,918	21,152	131,070	**571,977**	503,412
Legal related services (Note 11)	4,114	28,640,637	3,446	609,504	8,887	4,579	1,910	29,273,077	295,688	-	295,688	**29,568,765**	30,822,429
Travel and meals	18,224	104,973	48,201	17,353	37,816	6,087	23,459	256,113	15,823	19,163	34,986	**291,099**	340,689
Printing	453	28,498	4,023	15,031	887	456	178	49,526	997	12,576	13,573	**63,099**	27,390
Photo, video and advocacy	110	701	9	24,878	44,182	11	5	69,896	116	1,219	1,335	**71,231**	69,370
Dues, subscriptions and books	2,608	41,980	3,621	16,821	1,980	11,730	352	79,092	4,758	957	5,715	**84,807**	51,691
Staff training and seminars	176	12,748	767	5,281	1,955	391	1,790	23,108	9,168	2,628	11,796	**34,904**	23,695
Events and conferences	1,234	134,068	2,380	246,936	38,909	2,161	640	426,328	28,551	200,148	228,699	**655,027**	293,671
Legal and filing fees	101	6,251	354	443	217	112	48	7,526	7,233	-	7,233	**14,759**	48,919
On-line services	-	11	-	28,312	30,376	-	-	58,699	-	48	48	**58,747**	21,851
Postage and delivery	377	6,293	404	1,122	823	394	168	9,581	1,718	7,658	9,376	**18,957**	23,262
Advertising and recruiting	47	2,935	40	209	102	53	22	3,408	3,331	312	3,643	**7,051**	10,075
Occupancy	78,259	472,159	58,658	179,646	145,961	77,667	31,373	1,043,723	122,432	149,414	271,846	**1,315,569**	1,272,473
Telephone and website	12,249	80,904	15,214	33,289	29,218	12,591	5,017	188,482	21,993	25,045	47,038	**235,520**	126,026
Copying	1,864	10,698	1,349	4,265	3,440	1,873	745	24,234	2,429	3,549	5,978	**30,212**	37,252
Office supplies	2,389	18,327	2,535	8,229	4,766	2,442	996	39,684	6,617	5,258	11,875	**51,559**	50,989
Bank, investment management and payroll fees	2,610	22,415	1,937	6,702	4,718	2,627	1,080	42,089	8,902	19,261	28,163	**70,252**	37,027
Repairs, maintenance and rental	6,040	38,165	4,608	14,819	11,360	6,180	2,506	83,678	9,365	19,306	28,671	**112,349**	93,324
Miscellaneous	148	9,691	167	805	342	169	71	11,393	10,387	369	10,756	**22,149**	568
Total Expenses Before Depreciation and Amortization	514,435	32,089,790	431,550	2,276,269	1,112,974	573,075	239,090	37,237,183	1,242,026	1,240,709	2,482,735	**39,719,918**	39,497,856
Depreciation and Amortization	4,932	58,457	3,573	12,691	9,114	5,044	2,029	95,840	42,810	9,185	51,995	**147,835**	154,800
Total Expenses	**$519,367**	**$32,148,247**	**$435,123**	**$2,288,960**	**$1,122,088**	**$578,119**	**$241,119**	**$37,333,023**	**$1,284,836**	**$1,249,894**	**$2,534,730**	**$39,867,753**	$39,652,656

See accompanying notes to financial statements.

Human Rights First

Statement of Cash Flows
(with comparative totals for 2011)

Year ended December 31,	**2012**	2011
Cash Flows From Operating Activities:		
Change in net assets	**$ 623,994**	$ 5,186,838
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**147,835**	154,800
Change in present value of pledges receivable	**33,918**	(41,498)
Unrealized (gain) loss on investments	**(87,737)**	5,904
Realized (gain) loss on investments	**(16,678)**	-
Donated securities	**(98,052)**	(71,903)
(Increase) decrease in:		
Grants and pledges receivable	**(6,635)**	(2,942,670)
Prepaid expenses and other assets	**(141,011)**	14,715
Security deposit	**159**	(880)
Other receivables	**33,998**	(16,436)
Increase in:		
Accounts payable, accrued expenses and other liabilities	**222,007**	23,704
Deferred event revenue	**25,960**	-
Net Cash Provided By Operating Activities	**737,758**	2,312,574
Cash Flows From Investing Activities:		
Proceeds from sale of investments	**1,100,655**	3,903,204
Purchase of investments	**(3,076,627)**	(8,384,687)
Purchases of fixed assets	**(456,958)**	(176,567)
Net Cash Used In Investing Activities	**(2,432,930)**	(4,658,050)
Net Decrease in Cash and Cash Equivalents	**(1,695,172)**	(2,345,476)
Cash and Cash Equivalents, Beginning of Year	**2,572,516**	4,917,992
Cash and Cash Equivalents, End of Year	**$ 877,344**	$ 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, fixed income securities, mutual funds and a private agency loan fund. At December 31, 2012, 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 2012.

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, 2012, there was no interest or penalties recorded or included in the statement of activities. As of December 31, 2012, the years still subject to examination by a taxing authority are 2009 through 2011.

(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, 2012 due to a temporary Federal program in effect from December 31, 2012 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. The adoption of ASU 2011-04 in 2012 did not 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, 2012	Fair Value	Cost
Money market funds	**$ 681,337**	**$ 681,337**
Equities	**117,733**	**118,782**
Fixed income securities	**1,991,885**	**1,966,467**
Mutual funds	**3,867,650**	**3,806,733**
Private agency loan fund	**885,673**	**885,673**
	$7,544,278	**$7,458,992**

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 December 31,	**2012**	2011
Interest and dividend income	**$198,248**	$68,358
Net gain (loss) on investments	**104,415**	(5,904)
	$302,663	$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, 2012, 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, 2012 and 2011. The assets are presented on a desegregated basis by class, determined by the nature and risk associated with the investment.

December 31, 2012

	Total at December 31, 2012	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	**$ 681,337**	**$ 681,337**	**$ -**	**$ -**
Equities	**117,733**	**117,733**	**-**	**-**
Fixed income securities	**1,991,885**	**1,991,885**	**-**	**-**
Mutual funds	**3,867,650**	**3,867,650**		
Private agency loan fund	**885,673**	**-**	**885,673**	**-**
Total	**$7,544,278**	**$6,658,605**	**$885,673**	**$ -**

December 31, 2011

	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 years ended December 31, 2012 and 2011. In addition, there were no transfers between levels during the years ended December 31, 2012 and 2011.

4. Grants and Pledges Receivable

At December 31, 2012 and 2011, the net present value of grants and pledges receivable is $5,811,530 and $5,838,813, 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, 2012 and 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, 2012 and 2011 is summarized below:

December 31,	**2012**	2011
Total grants and pledges receivable	**$5,907,300**	$5,998,999
Discount at 2%	**(51,770)**	(85,686)
Net present value of grants and pledges receivable before allowance for doubtful accounts	**5,855,530**	5,913,313
Less: Allowance for doubtful accounts	**(44,000)**	(74,500)
	$5,811,530	$5,838,813

Grants and pledges receivable consist of the following at December 31, 2012 and 2011:

December 31,	**2012**	2011
Amounts expected to be collected in:		
Less than one year	**$3,713,300**	$3,015,500
Two to five years	**2,098,230**	2,823,313
	$5,811,530	$5,838,813

5. Fixed Assets, Net

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

December 31,	**2012**	2011
Furniture and fixtures	**$ 339,989**	$ 205,585
Computers and equipment and software	**511,605**	432,180
Leasehold improvements	**1,021,291**	858,892
	1,872,885	1,496,657
Less: Accumulated depreciation	**(1,218,706)**	(1,151,601)
	$ 654,179	$ 345,056

Depreciation expense for the years ended December 31, 2012 and 2011 was $147,835 and $154,800, respectively.

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 $255,089 and $108,943, for the years ended December 31, 2012 and 2011, respectively. Forfeitures in the amount of $15,042 and $37,009 were applied for 2012 and 2011, respectively, which reduced the pension expense for the years ended December 31, 2012 and 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 $-0- and $15,900 to the 457 Plan for the years ended December 31, 2012 and 2011, respectively. Participant employees may make pre-tax deferrals up to the Internal Revenue Service limit for any taxable year. The limit for 2012 and 2011 was $17,000 and $16,500, respectively.

7. Board Designated for Future Operations Net Assets

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

December 31,	**2012**	2011
Board-designated Reserve Fund	**$2,500,000**	$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,	**2012**	2011
General support	**$4,071,612**	$4,484,849
Law and security	**567,000**	625,000
New Jersey – asylum	**75,000**	75,000
Refugee project	**1,643,592**	400,000
Advocacy and communications	**-**	600,000
	$6,357,204	$6,184,849

9. Net Assets Released From Restrictions

During the years ended December 31, 2012 and 2011, temporarily restricted net assets of $5,649,793 and $4,201,968, respectively, 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 (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;
- other resources of the Organization;
- 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; and
- the investment policies of the Organization.

The following tables provide reconciliation of the change in the Organization's endowment net assets for the years ended December 31, 2012 and 2011:

December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	**$ -**	**$ -**	**$1,000,000**	**$1,000,000**
Net appreciation	**-**	**22,404**	**-**	**22,404**
Interest and dividend income	**-**	**35,134**	**-**	**35,134**
	$ -	**$57,538**	**$1,000,000**	**$1,057,538**

December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment balance as of January 1, 2011	$ -	$ -	$ -	$ -
Contribution received	-	-	1,000,000	1,000,000
	$ -	$ -	$1,000,000	$1,000,000

The funds were included as part of cash and cash equivalents at December 31, 2011. In 2012, the funds were invested and were reflected as part of investments at December 31, 2012. The breakdown of invested assets is as follows:

December 31, 2012	
Money market funds	$ 11,802
Equities	50,394
Fixed income securities	262,661
Mutual funds	732,681
	$1,057,538

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 2012, the Board of Directors did not approve any amounts for appropriation.

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 years ended December 31, 2012 and 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 $29,568,765 and $30,822,429, respectively. For these contributed services, the time allotted by the respective law firms for the years ended December 31, 2012 and 2011 totaled approximately 65,600 and 72,800 hours, respectively, which yielded an average hourly rate of $440 and $416, respectively.

12. Commitments

The Organization leases New York office space under arrangements expiring October 31, 2017.

Future minimum annual lease payments are as follows:

Year ending December 31,	
2013	$ 964,045
2014	985,736
2015	1,007,915
2016	1,030,593
Thereafter	878,151
	$4,866,440

Total rent expense, including rent escalations, for facilities for the years ended December 31, 2012 and 2011 was $1,213,619 and $1,173,188, respectively

The Organization has entered into various sublease agreements for a portion of the New York City office space. For the years ended December 31, 2012 and 2011, total sublease income was $388,355 and $357,079, respectively, which is included in other income on the statement of activities.

13. Subsequent Events

The Organization entered into a new lease agreement for the Washington, D.C. office as of January 1, 2013. This lease agreement includes rent escalations and pro-rata operating expenses on an annual basis. The lease expires January 1, 2023.

The Organization's management has performed subsequent events procedures through May 10, 2013, 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.