

HUMAN RIGHTS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Human Rights Foundation
New York, NY

We have audited the accompanying statements of financial position of Human Rights Foundation (a nonprofit organization) as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Human Rights Foundation as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Betz Goldman Clearfield Kramer & Ocampo LLP

November 7, 2011

**HUMAN RIGHTS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 300,819	\$ 49,189
Investments Available for Sale	50,992	-
Accounts Receivable	-	2,291
Contributions and Grants Receivable	8,000	215,946
Prepaid Expenses	40,483	51,709
Property and Equipment, Net	5,246	6,347
Security Deposit	<u>9,520</u>	<u>9,520</u>
TOTAL ASSETS	<u>\$ 415,060</u>	<u>\$ 335,002</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 101,192	\$ 189,143
Grant Payable	<u>-</u>	<u>10,000</u>
TOTAL LIABILITIES	<u>101,192</u>	<u>199,143</u>
NET ASSETS		
Unrestricted	263,368	32,092
Temporarily Restricted	<u>50,500</u>	<u>103,767</u>
TOTAL NET ASSETS	<u>313,868</u>	<u>135,859</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 415,060</u>	<u>\$ 335,002</u>

The accompanying notes are an integral part of these financial statements.

**HUMAN RIGHTS FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR 2010)**

CHANGES IN UNRESTRICTED NET ASSETS

	<u>UNRESTRICTED</u>	<u>TEMP. RESTRICTED</u>	<u>2011</u>	<u>TOTAL 2010</u>
REVENUES, GAINS (LOSSES) AND OTHER SUPPORT				
Individuals	\$ 793,484	\$ -	\$ 793,484	\$ 725,404
Foundations	217,000	-	217,000	253,074
Project Donations	800,682	100,000	900,682	647,944
Interest Income	1,228	-	1,228	-
Unrealized Loss on Investments	(2,338)	-	(2,338)	-
Satisfaction of Program Restrictions	153,267	(153,267)	-	-
	<u>1,963,323</u>	<u>(53,267)</u>	<u>1,910,056</u>	<u>1,626,422</u>
TOTAL REVENUES, GAINS (LOSSES) AND OTHER SUPPORT				
EXPENSES				
Program Services	1,622,593	-	1,622,593	1,316,144
Management and General	71,267	-	71,267	59,332
Fundraising	38,187	-	38,187	23,434
	<u>1,732,047</u>	<u>-</u>	<u>1,732,047</u>	<u>1,398,910</u>
TOTAL EXPENSES				
INCREASE (DECREASE) IN NET ASSETS	231,276	(53,267)	178,009	227,512
NET ASSETS (DEFICIT) - BEGINNING	<u>32,092</u>	<u>103,767</u>	<u>135,859</u>	<u>(91,653)</u>
NET ASSETS - ENDING	<u>\$ 263,368</u>	<u>\$ 50,500</u>	<u>\$ 313,868</u>	<u>\$ 135,859</u>

The accompanying notes are an integral part of these financial statements.

**HUMAN RIGHTS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 178,009	\$ 227,512
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) In Operating Activities:		
Depreciation and Amortization	2,516	4,079
Unrealized Loss on Investments	2,338	
Donated Investments	(53,330)	
(Increase) Decrease in:		
Receivables	210,237	(218,237)
Prepaid Expenses	11,226	(36,299)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	<u>(97,951)</u>	<u>104,633</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>253,045</u>	<u>81,688</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	<u>(1,415)</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,415)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments from Debt Borrowings	<u>-</u>	<u>(80,843)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>-</u>	<u>(80,843)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	251,630	845
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>49,189</u>	<u>48,344</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 300,819</u>	<u>\$ 49,189</u>
INTEREST PAID	<u>\$ 301</u>	<u>\$ 543</u>

The accompanying notes are an integral part of these financial statements.

**HUMAN RIGHTS FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR 2010)**

	<u>SUPPORTING SERVICES</u>			<u>2011 TOTAL</u>	<u>2010 TOTAL</u>
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND- RAISING</u>		
Depreciation	\$ 1,258	\$ 1,258	\$ -	\$ 2,516	\$ 4,079
Development	-	-	8,257	8,257	5,297
Dues and Subscriptions	3,525	881	-	4,406	3,513
Employee Benefits	59,881	3,327	3,327	66,535	44,409
General Programs	944,742	-	-	944,742	755,308
Insurance	4,177	1,044	-	5,221	5,333
Interest	301	-	-	301	543
Leased Equipment	2,571	643	-	3,214	3,675
Licenses	-	75	-	75	50
Office Supplies	15,630	2,132	-	17,762	14,750
Payroll Taxes	32,261	1,792	1,792	35,845	23,316
Postage and Delivery	350	88	-	438	2,876
Printing and Reproduction	-	-	-	-	6,718
Professional Services	20,345	23,884	-	44,229	28,043
Rent and Utilities	80,674	11,001	-	91,675	90,820
Salaries	438,161	23,062	24,811	486,034	387,455
Telephone and Internet	18,717	2,080	-	20,797	22,725
	<u>\$ 1,622,593</u>	<u>\$ 71,267</u>	<u>\$ 38,187</u>	<u>\$ 1,732,047</u>	<u>\$ 1,398,910</u>

The accompanying notes are an integral part of these financial statements.

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

Human Rights Foundation operates as a voluntary, non-profit, non-stock corporation chartered under the laws of the State of New York. The Foundation's purpose is to unite people—regardless of their political, cultural, and ideological orientations—in the common cause of defending human rights and promoting liberal democracy in the Americas. Their mission is to ensure that freedom is both preserved and promoted. The Foundation is exempt from income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events:

In normal course of preparing the Organization's financial statements, management reviews events that occur after the statement of financial position dated December 31, 2011 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through November 7, 2011, which is the date the financial statements were available to be issued.

Method of Accounting:

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Financial Statement Presentation:

The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that may/or will be met, either by actions of the Organization and/or the passage of time.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

For the purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with a maturity of three months or less to be cash equivalents.

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment:

Property and equipment are stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>YEARS</u>
Furniture and Fixtures	7
Computer Equipment	3-5

NOTE B – PROPERTY AND EQUIPMENT, NET

Property and equipment are summarized as follows:

	<u>2011</u>	<u>2010</u>
Furniture and Fixtures	\$ 1,414	\$ 19,524
Computer Equipment	<u>15,752</u>	<u>15,752</u>
	17,166	35,276
Less: Accumulated Depreciation	<u>11,920</u>	<u>28,929</u>
	<u>\$ 5,246</u>	<u>\$ 6,347</u>

Depreciation expense was \$2,516 and \$4,079 for the years ended December 31, 2011 and 2010, respectively.

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE C – OPERATING LEASE

The Foundation has entered into an operating lease for office space. The lease calls for total monthly payments of \$6,538 between April 2011 and June 2014, followed by payments of \$7,160.67 until August 2016 adjusted for cost of living increases and applicable real estate taxes. The lease term is 53 months ending on August 31, 2016.

The following is a schedule of future minimum rental payments required under the above operating lease as of December 31, 2011:

<u>Year Ending</u>	<u>Amount</u>
2012	\$ 70,124
2013	78,456
2014	82,192
2015	85,928
2016	<u>57,285</u>
	<u>\$ 373,985</u>

NOTE D – FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE E – INVESTMENTS AVAILABLE FOR SALE

Investments are recorded at market value. The historical cost and market value at December 31, 2011 and 2010 were:

Mutual Funds	<u>\$ 50,992</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2010	Level 1	Level 2	Level 3
Mutual Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE E – INVESTMENTS AVAILABLE FOR SALE (CONTINUED)

Accounting Standards Codification 820 (ASC 820), *Fair Value Measurements and Disclosures*, 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. ASC 820 also establishes a fair value hierarchy, which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Following three levels are defined by ASC 820 as a means of measuring fair value:

Level 1

Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3

Unobservable inputs reflecting the entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets measured at fair value on a recurring basis at December 31, 2011 and 2010 include the following:

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Mutual Funds	\$ <u>53,330</u>	\$ <u>50,992</u>	\$ <u>-</u>	\$ <u>-</u>