

HUMAN RIGHTS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Human Rights Foundation (a non-profit organization), which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and 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 of 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 the Human Rights Foundation as of December 31, 2013 and 2012 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material aspects in relation to the financial statements as a whole.

Betz Goldman Clearfield Kramer & Ocampo LLP

Columbia, MD
September 30, 2014

**HUMAN RIGHTS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 615,485	\$ 639,553
Due From Officer	-	5,350
Contributions and Grants Receivable	12,408	269,384
Prepaid Expenses	113,059	80,203
Property and Equipment, Net	2,381	5,969
Security Deposit	<u>9,520</u>	<u>9,520</u>
TOTAL ASSETS	<u>\$ 752,853</u>	<u>\$ 1,009,979</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	<u>\$ 62,383</u>	<u>\$ 39,319</u>
TOTAL LIABILITIES	<u>62,383</u>	<u>39,319</u>
NET ASSETS		
Unrestricted	678,062	560,073
Temporarily Restricted	<u>12,408</u>	<u>410,587</u>
TOTAL NET ASSETS	<u>690,470</u>	<u>970,660</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 752,853</u>	<u>\$ 1,009,979</u>

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

**HUMAN RIGHTS FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)**

CHANGES IN UNRESTRICTED NET ASSETS	<u>UNRESTRICTED</u>	TEMP. <u>RESTRICTED</u>	<u>2013</u>	<u>TOTAL</u> <u>2012</u>
REVENUES, GAINS AND OTHER SUPPORT				
Individuals	\$ 825,106	\$ -	\$ 825,106	\$ 485,677
Foundations	75,054	-	75,054	422,692
Project Donations	67,797	922,330	990,127	2,047,463
Interest Income	-	-	-	1
Realized Gain on Investments	-	-	-	1,888
Other Income	2,489	-	2,489	-
Other Income	<u>1,320,509</u>	<u>(1,320,509)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>2,290,955</u>	<u>(398,179)</u>	<u>1,892,776</u>	<u>2,957,721</u>
EXPENSES				
Program Services	2,043,336	-	2,043,336	2,179,612
Management and General	78,102	-	78,102	73,843
Fundraising	<u>51,528</u>	<u>-</u>	<u>51,528</u>	<u>47,474</u>
TOTAL EXPENSES	<u>2,172,966</u>	<u>-</u>	<u>2,172,966</u>	<u>2,300,929</u>
INCREASE (DECREASE) IN NET ASSETS	117,989	(398,179)	(280,190)	656,792
NET ASSETS - BEGINNING	<u>560,073</u>	<u>410,587</u>	<u>970,660</u>	<u>313,868</u>
NET ASSETS - ENDING	<u>\$ 678,062</u>	<u>\$ 12,408</u>	<u>\$ 690,470</u>	<u>\$ 970,660</u>

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

**HUMAN RIGHTS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (280,190)	\$ 656,792
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) In Operating Activities:		
Depreciation and Amortization	3,588	3,648
Realized Gain on Investments	-	(1,888)
(Increase) Decrease in:		
Due From Officer	5,350	(5,350)
Receivables	256,976	(261,384)
Prepaid Expenses	(32,856)	(39,720)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	<u>23,064</u>	<u>(61,873)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(24,068)</u>	<u>290,225</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From Sales of Investments	-	52,880
Purchase of Equipment	<u>-</u>	<u>(4,371)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>48,509</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,068)	338,734
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>639,553</u>	<u>300,819</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 615,485</u>	<u>\$ 639,553</u>

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

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 the normal course of preparing the Foundation's financial statements, management reviews events that occur after the statement of financial position dated December 31, 2013 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through September 30, 2014, 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 Foundation 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 Foundation 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, 2013 AND 2012
(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>2013</u>	<u>2012</u>
Furniture and Fixtures	\$ 5,786	\$ 5,786
Computer Equipment	<u>15,752</u>	<u>15,752</u>
	21,538	21,538
Less: Accumulated Depreciation	<u>19,157</u>	<u>15,569</u>
	<u>\$ 2,381</u>	<u>\$ 5,969</u>

Depreciation expense was \$3,588 and \$3,648 for the years ended December 31, 2013 and 2012, respectively.

HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(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 2012 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, 2013:

<u>Year Ending</u>	<u>Amount</u>
2014	\$ 82,192
2015	85,928
2016	<u>57,285</u>
	<u>\$ 225,405</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.

**SUPPLEMENTARY
INFORMATION**

**HUMAN RIGHTS FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)**

	<u>SUPPORTING SERVICES</u>				
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND- RAISING</u>	<u>2013 TOTAL</u>	<u>2012 TOTAL</u>
Depreciation	\$ 1,794	\$ 1,794	\$ -	\$ 3,588	\$ 3,648
Development	-	-	12,662	12,662	10,825
Dues and Subscriptions	2,226	557	-	2,783	3,815
Employee Benefits	75,876	4,215	4,215	84,306	80,543
General Programs	1,192,078	-	-	1,192,078	1,382,180
Insurance	11,052	2,763	-	13,815	8,389
Leased Equipment	2,913	728	-	3,641	3,550
Licenses	-	-	-	-	292
Office Supplies	13,541	1,847	-	15,388	12,577
Payroll Taxes	42,813	2,378	2,378	47,569	44,782
Postage and Delivery	1,269	317	-	1,586	1,420
Professional Services	16,675	19,574	-	36,249	35,919
Rent and Utilities	82,985	11,316	-	94,301	86,198
Salaries	582,535	30,660	32,273	645,468	607,662
Telephone and Internet	17,579	1,953	-	19,532	19,129
	<u>\$ 2,043,336</u>	<u>\$ 78,102</u>	<u>\$ 51,528</u>	<u>\$ 2,172,966</u>	<u>\$ 2,300,929</u>

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