

**HUMAN RIGHTS FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2006**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Human Rights Foundation as of December 31, 2006 and the related statements of activities and cash flows for the year 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards required 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 audit provides 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, 2006, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Betz, Goldman, Clearfield & Ocampo, LLP*

November 13, 2007

**HUMAN RIGHTS FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2006**

<b>ASSETS</b>	
Cash	\$ 36,778
Accounts Receivable	3,065
Prepaid Expenses	6,208
Property and Equipment, Net	22,123
Security Deposit	<u>14,280</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 82,454</u></b>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$ 8,541
Accrued Payroll and Payroll Taxes	<u>3,715</u>
<b>TOTAL LIABILITIES</b>	<b>12,256</b>
<b>NET ASSETS</b>	<b><u>70,198</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 82,454</u></b>

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

**HUMAN RIGHTS FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2006**

**CHANGES IN UNRESTRICTED NET ASSETS**

**REVENUES, GAINS AND OTHER SUPPORT**

Donations	\$ 62,060
Foundations	350,212
Interest Income	<u>155</u>

**TOTAL REVENUES, GAINS AND OTHER SUPPORT** 412,427

**EXPENSES**

Program Services	300,518
Management and General	19,125
Fundraising	<u>9,516</u>

**TOTAL EXPENSES** 329,159

**INCREASE IN NET ASSETS** 83,268

**NET ASSETS - BEGINNING** (13,070)

**NET ASSETS - ENDING** \$ 70,198

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

**HUMAN RIGHTS FOUNDATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2006**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in Unrestricted Net Assets	\$ 83,268
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	2,880
(Increase) Decrease in:	
Receivables	(3,065)
Prepaid Expenses	(6,208)
Security Deposit	(14,280)
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	<u>(8,699)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>53,896</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Equipment	<u>(25,003)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(25,003)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	28,893
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>7,885</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 36,778</u>

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

**HUMAN RIGHTS FOUNDATION  
SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2006**

**SUPPORTING SERVICES**

**MANAGEMENT**

	<b><u>PROGRAM SERVICES</u></b>	<b><u>AND GENERAL</u></b>	<b><u>FUND- RAISING</u></b>	<b><u>TOTAL</u></b>
Advertising	\$ 315	\$ -	\$ -	\$ 315
Bank and Credit Card Charges	150	119	-	269
Contract Labor	340	-	-	340
Depreciation	-	2,880	-	2,880
Dues and Subscriptions	987	247	-	1,234
Equipment Rental	601	62	21	684
Employee Benefits	10,652	226	686	11,564
General Programs	72,436	-	-	72,436
Human Resources	256	2,915	32	3,203
Insurance	1,349	337	-	1,686
Internships	15,000	-	-	15,000
Licenses	217	-	-	217
Meals and Entertainment	-	-	1,014	1,014
Miscellaneous	1,059	94	24	1,177
Office Supplies	6,736	689	229	7,654
Payroll Taxes	7,793	165	502	8,460
Postage and Freight	555	138	-	693
Printing and Reproduction	608	-	32	640
Professional Fees	4,266	206	39	4,511
Professional Services	38,462	4,753	-	43,215
Rent and Utilities	20,786	2,125	709	23,620
Repairs and Maintenance	1,194	122	41	1,357
Salaries	101,673	3,526	5,687	110,886
Staff Training	1,624	-	-	1,624
Telephone and Internet	5,990	521	189	6,700
Travel	7,469	-	311	7,780
	<u>\$ 300,518</u>	<u>\$ 19,125</u>	<u>\$ 9,516</u>	<u>\$ 329,159</u>

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

**HUMAN RIGHTS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

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.

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.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standard (SFAS) No. 117, Financial Statement of Not-for-Profit Organizations. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At present, the Foundation has no temporarily restricted or permanently restricted net assets.

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 statement 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, 2006  
(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 & Fixtures	7
Computer Equipment	3-5

NOTE B – PROPERTY AND EQUIPMENT, NET

Property and equipment are summarized as follows:

Furniture & Fixtures	\$ 14,362
Computer Equipment	<u>10,641</u>
	25,003
Less: Accumulated Depreciation	<u>2,880</u>
	<u>\$ 22,123</u>

Depreciation expense was \$2,880 for the year ended December 31, 2006.

NOTE C – OPERATING LEASE

The Foundation has entered into an operating lease for office space. The lease calls for total monthly payments of \$4,760 adjusted for cost of living increases and applicable real estate taxes. The lease term is 27 months ending on November 30, 2008.

**HUMAN RIGHTS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**  
**(CONTINUED)**

NOTE C – OPERATING LEASE (CONTINUED)

The following is a schedule of future minimum rental payments required under the above operating leases as of December 31, 2006:

<u>Year Ending</u>	<u>Amount</u>
2007	\$ 57,120
2008	<u>52,360</u>
	<u>\$ 109,480</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.