

HUMAN RIGHTS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

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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 as of December 31, 2010 and 2009 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, 2010 and 2009, 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, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 49,189	\$ 48,344
Accounts Receivable	2,291	-
Contributions and Grants Receivable	215,946	-
Prepaid Expenses	51,709	15,410
Property and Equipment, Net	6,347	10,426
Security Deposit	<u>9,520</u>	<u>9,520</u>
TOTAL ASSETS	<u>\$ 335,002</u>	<u>\$ 83,700</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 189,143	\$ 9,029
Grant Payable	10,000	-
Accrued Payroll and Payroll Taxes	-	85,481
Note Payable	<u>-</u>	<u>80,843</u>
TOTAL LIABILITIES	<u>199,143</u>	<u>175,353</u>
NET ASSETS (DEFICIT)		
Unrestricted	32,092	(91,653)
Temporarily Restricted	<u>103,767</u>	<u>-</u>
Total Net Assets	<u>135,859</u>	<u>(91,653)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 335,002</u>	<u>\$ 83,700</u>

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

HUMAN RIGHTS FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

CHANGES IN UNRESTRICTED NET ASSETS	<u>UNRESTRICTED</u>	<u>TEMP. RESTRICTED</u>	<u>2010</u>	<u>TOTAL</u> <u>2009</u>
REVENUES, GAINS AND OTHER SUPPORT				
Individuals	\$ 665,404	\$ 60,000	\$ 725,404	\$ 306,580
Foundations	175,074	78,000	253,074	233,603
Project Donations	647,944	-	647,944	229,394
Interest Income	-	-	-	109
Satisfaction of Program Restrictions	34,233	(34,233)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,522,655</u>	<u>103,767</u>	<u>1,626,422</u>	<u>769,686</u>
EXPENSES				
Program Services	1,316,144	-	1,316,144	832,532
Management and General	59,332	-	59,332	61,675
Fundraising	23,434	-	23,434	19,188
TOTAL EXPENSES	<u>1,398,910</u>	<u>-</u>	<u>1,398,910</u>	<u>913,395</u>
INCREASE (DECREASE) IN NET ASSETS	123,745	103,767	227,512	(143,709)
NET ASSETS (DEFICIT) - BEGINNING	<u>(91,653)</u>	<u>-</u>	<u>(91,653)</u>	<u>52,056</u>
NET ASSETS (DEFICIT) - ENDING	<u>\$ 32,092</u>	<u>\$ 103,767</u>	<u>\$ 135,859</u>	<u>\$ (91,653)</u>

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

**HUMAN RIGHTS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 227,512	\$ (143,709)
Adjustments to Reconcile Change in Net Assets to Net Cash Used In Operating Activities:		
Depreciation and Amortization	4,079	6,385
(Increase) Decrease in:		
Receivables	(218,237)	60
Prepaid Expenses	(36,299)	(2,270)
Security Deposit	-	4,760
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	<u>104,633</u>	<u>54,428</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>81,688</u>	<u>(80,346)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (Payments) from Debt Borrowings	<u>(80,843)</u>	<u>80,843</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(80,843)</u>	<u>80,843</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	845	497
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>48,344</u>	<u>47,847</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 49,189</u>	<u>\$ 48,344</u>
INTEREST PAID	<u>\$ 543</u>	<u>\$ 3,273</u>

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

**HUMAN RIGHTS FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)**

	<u>SUPPORTING SERVICES</u>			<u>2010</u> <u>TOTAL</u>	<u>2009</u> <u>TOTAL</u>
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND-RAISING</u>		
Administrative	\$ -	\$ -	\$ -	\$ -	\$ 1,340
Depreciation	2,040	2,039	-	4,079	6,385
Development	-	-	5,297	5,297	2,631
Dues and Subscriptions	2,810	703	-	3,513	1,533
Employee Benefits	40,312	2,327	1,770	44,409	42,076
General Programs	755,308	-	-	755,308	458,840
Insurance	4,266	1,067	-	5,333	5,131
Interest	543	-	-	543	3,273
Leased Equipment	2,940	735	-	3,675	3,627
Licenses	-	50	-	50	315
Office Supplies	12,980	1,770	-	14,750	7,452
Payroll Taxes	21,165	1,222	929	23,316	12,747
Postage and Delivery	2,300	576	-	2,876	1,082
Printing and Reproduction	6,382	336	-	6,718	-
Professional Services	13,011	15,032	-	28,043	18,421
Rent and Utilities	79,922	10,898	-	90,820	83,741
Salaries	351,713	20,304	15,438	387,455	252,742
Staff Training	-	-	-	-	531
Telephone and Internet	20,452	2,273	-	22,725	11,528
	<u>\$ 1,316,144</u>	<u>\$ 59,332</u>	<u>\$ 23,434</u>	<u>\$ 1,398,910</u>	<u>\$ 913,395</u>

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

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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, 2010 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, 2010 AND 2009
(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>2010</u>	<u>2009</u>
Furniture and Fixtures	\$ 19,524	\$ 19,524
Computer Equipment	<u>15,752</u>	<u>15,752</u>
	35,276	35,276
Less: Accumulated Depreciation	<u>28,929</u>	<u>24,850</u>
	<u>\$ 6,347</u>	<u>\$ 10,426</u>

Depreciation expense was \$4,079 and \$6,385 for the years ended December 31, 2010 and 2009, respectively.

NOTE C – NOTE PAYABLE

In 2009 \$80,843 was borrowed from a relative of the President of the Organization. The note was due within two (2) years with no interest. The note was paid in full in 2010.

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(CONTINUED)**

NOTE D – OPERATING LEASE

The Foundation has entered into an operating lease for office space. The lease calls for total monthly payments of \$5,940 adjusted for cost of living increases and applicable real estate taxes. The lease term is 36 months ending on November 30, 2011.

The following is a schedule of future minimum rental payments required under the above operating lease as of December 31, 2010:

<u>Year Ending</u>	<u>Amount</u>
2011	<u>\$ 79,645</u>
	<u>\$ 79,645</u>

NOTE E – 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.