

HUMAN RIGHTS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

PAGE NO.

INDEPENDENT AUDITORS' REPORT 3

FINANCIAL STATEMENTS

 Statements of Financial Position 4

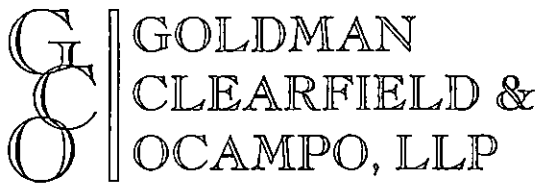
 Statement of Activities 5

 Statements of Cash Flows 6

 Notes to Financial Statements 7

SUPPLEMENTARY INFORMATION

 Schedule of Functional Expenses 14



Adam M. Clearfield, CPA
aclearfield@gcocpafirm.com

Michael J. Ocampo, CPA
mocampo@gcocpafirm.com

Stuart I. Goldman, CPA (Ret.)

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Human Rights Foundation (a non-profit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statement of activities and statements of 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 Human Rights Foundation as of December 31, 2017 and 2016 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 14 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.

Goldman, Clearfield & Ocampo, LLP
Columbia, MD
November 8, 2018

**HUMAN RIGHTS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 1,360,288	\$ 1,311,534
Due From Employee	-	6,247
Contributions and Grants Receivable	14,303	227,910
Prepaid Expenses	148,433	150,420
Property and Equipment, Net	8,407	-
Digital Currency	546,535	25,289
Security Deposit	<u>70,493</u>	<u>70,493</u>
TOTAL ASSETS	<u>\$ 2,148,459</u>	<u>\$ 1,791,893</u>
 LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	<u>\$ 288,392</u>	<u>\$ 200,296</u>
TOTAL LIABILITIES	<u>288,392</u>	<u>200,296</u>
 NET ASSETS		
Unrestricted	1,742,969	1,535,933
Temporarily Restricted	<u>117,098</u>	<u>55,664</u>
TOTAL NET ASSETS	<u>1,860,067</u>	<u>1,591,597</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,148,459</u>	 <u>\$ 1,791,893</u>

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

**HUMAN RIGHTS FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)**

CHANGES IN UNRESTRICTED NET ASSETS

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2017 TOTAL</u>	<u>2016 TOTAL</u>
REVENUES, GAINS AND OTHER SUPPORT				
Individuals	\$ 3,770,758	\$ 40,000	\$ 3,810,758	\$ 2,357,456
Foundations	893,672	16,250	909,922	1,435,455
Project Donations	-	-	-	5,030
Corporate Grants	361,322	80,000	441,322	114,548
Interest and Dividends	890	-	890	-
Realized Gain on Investments	10,601	-	10,601	7,064
Unrealized Gain on Investments	418,485	-	418,485	13,820
Release of Temporarily Restricted Assets	<u>74,816</u>	<u>(74,816)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>5,530,544</u>	<u>61,434</u>	<u>5,591,978</u>	<u>3,933,373</u>
EXPENSES				
Program Services	4,906,752	-	4,906,752	3,620,395
Management and General	149,735	-	149,735	112,363
Fundraising	<u>267,021</u>	<u>-</u>	<u>267,021</u>	<u>178,860</u>
TOTAL EXPENSES	<u>5,323,508</u>	<u>-</u>	<u>5,323,508</u>	<u>3,911,618</u>
INCREASE IN NET ASSETS	207,036	61,434	268,470	21,755
NET ASSETS - BEGINNING	<u>1,535,933</u>	<u>55,664</u>	<u>1,591,597</u>	<u>1,569,842</u>
NET ASSETS - ENDING	<u>\$ 1,742,969</u>	<u>\$ 117,098</u>	<u>\$ 1,860,067</u>	<u>\$ 1,591,597</u>

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

**HUMAN RIGHTS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 268,470	\$ 21,755
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation and Amortization	669	-
Bad Debt	6,247	-
Realized Gain on Investments	(10,601)	(7,064)
Unrealized Gain on Investments	(418,485)	(13,820)
Marketable Securities Donated	(256,161)	(115,831)
(Increase) Decrease in:		
Due From Employee	-	834
Receivables	213,607	(88,109)
Prepaid Expenses	1,987	60,615
Security Deposit	-	(60,972)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	<u>88,096</u>	<u>17,454</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(106,171)</u>	<u>(185,138)</u>
NET CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(9,076)	-
Proceeds from Sale of Investments	<u>164,001</u>	<u>163,133</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>154,925</u>	<u>163,133</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	48,754	(22,005)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,311,534</u>	<u>1,333,539</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,360,288</u>	<u>\$ 1,311,534</u>

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

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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 promote and protect human rights globally, with a focus on closed societies. 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.

The Foundation's Return of Organization Exempt from Income Tax (Form 990) for the years ended December 31, 2017, 2016 and 2015 are subject to examination, generally for three years after they were filed.

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, 2017 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through November 8, 2018, 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.

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(CONTINUED)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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>2017</u>	<u>2016</u>
Furniture and Fixtures	\$ 14,862	\$ 5,786
Computer Equipment	<u>15,752</u>	<u>15,752</u>
	30,614	21,538
Less: Accumulated Depreciation	<u>22,207</u>	<u>21,538</u>
	<u>\$ 8,407</u>	<u>\$ -</u>

Depreciation expense was \$669 and \$0 for the years ended December 31, 2017 and 2016, respectively.

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(CONTINUED)**

NOTE C – OPERATING LEASE

The Foundation has entered into an operating lease for office space expiring on August 31, 2023. Rent expense under the lease was \$221,319 and \$85,484 for the years ended December 31, 2017 and 2016, respectively.

The following is a schedule of future minimum rental payments required under the above operating lease as of December 31, 2017:

<u>Year Ending</u>	<u>Amount</u>
2018	276,164
2019	281,687
2020	291,659
2021	306,168
2022	312,292
Thereafter	<u>533,708</u>
Total	<u>\$ 2,001,678</u>

NOTE D – FAIR VALUE MEASUREMENTS

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.

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(CONTINUED)**

NOTE D – FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used since December 31, 2017.

Interest-bearing cash, certificates of deposit, equity securities, bond securities and government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(CONTINUED)**

NOTE D – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth the Foundation's assets at fair value, by level, within the fair value hierarchy as of December 31, 2017 and 2016:

December 31, 2017	Level 1	Level 2	Level 3
Equity Securities	\$ -	\$ -	\$ -
Digital Currency	-	546,534	-
Totals	<u>\$ -</u>	<u>\$ 546,534</u>	<u>\$ -</u>

December 31, 2016	Level 1	Level 2	Level 3
Equity Securities	\$ -	\$ -	\$ -
Digital Currency	-	25,289	-
Totals	<u>\$ -</u>	<u>\$ 25,289</u>	<u>\$ -</u>

Investments are recorded at market value. The historical cost and market value of investments available for sale at December 31, 2017 were:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Marketable Securities	\$ -	\$ -	\$ -	\$ -
Digital Currency	<u>114,460</u>	<u>546,534</u>	<u>11,699</u>	<u>25,289</u>
Total	<u>\$ 114,460</u>	<u>\$ 546,534</u>	<u>\$ 11,699</u>	<u>\$ 25,289</u>

Investment income from these investments is summarized as follows:

	<u>2017</u>	<u>2016</u>
Realized Gain on Investments	\$ 10,601	\$ 7,064
Unrealized Gain on Investments	<u>418,485</u>	<u>13,820</u>
Total Investment Income	<u>\$ 429,086</u>	<u>\$ 20,884</u>

**HUMAN RIGHTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(CONTINUED)**

NOTE E – DIGITAL CURRENCY OR DIGITAL MONEY

Digital currency or digital money is an Internet-based medium of exchange distinct from physical (such as banknotes and coins) that exhibits properties similar to physical currencies, but allows for instantaneous transactions and borderless transfer-of-ownership.

NOTE F – 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 G – FINANCIAL INSTRUMENT RISK

The Federal Deposit Insurance Corporation (“FDIC”) insures the total of all accounts at a single banking institution up to \$250,000. The amount in excess of the FDIC limit totaled \$1,005,740 at December 31, 2017.

**SUPPLEMENTARY
INFORMATION**

**HUMAN RIGHTS FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)**

	SUPPORTING SERVICES				
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND- RAISING	2017 TOTAL	2016 TOTAL
Awards	\$ 221,637	\$ -	\$ -	\$ 221,637	\$ 27,806
Bad Debt	-	6,247	-	6,247	-
Conferences/Meetings	24,822	-	2,527	27,349	36,932
Consultant's Fees	155,014	6,000	52,714	213,728	127,115
Depreciation	669	-	-	669	-
Dues and Subscriptions	4,078	158	302	4,538	1,475
Employee Benefits	147,295	15,485	10,528	173,308	134,087
Event Production	1,868,520	-	-	1,868,520	1,443,627
General Programs	322,797	3,784	33,044	359,625	350,428
Information Technology	40,640	5,807	9,782	56,229	20,942
Insurance	12,156	9,822	-	21,978	20,028
Leased Equipment	3,605	-	275	3,880	3,690
Licenses	4,105	19	-	4,124	4,640
Office Expenses	114,256	7,788	12,580	134,624	54,076
Payroll Taxes	104,468	4,812	7,521	116,801	79,626
Postage and Delivery	35,005	2,234	4,998	42,237	23,652
Printing	20,312	857	11,311	32,480	38,266
Professional Services	312,108	18,752	10,807	341,667	246,411
Rent and Utilities	196,546	9,580	15,382	221,508	85,484
Salaries	1,288,969	56,661	92,802	1,438,432	1,191,965
Telephone and Internet	29,750	1,729	2,448	33,927	21,368
	<u>\$ 4,906,752</u>	<u>\$ 149,735</u>	<u>\$ 267,021</u>	<u>\$ 5,323,508</u>	<u>\$ 3,911,618</u>

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