

**HUMAN RIGHTS FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

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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, 2012 and 2011 and the related statements of activities, functional expenses 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, 2012 and 2011, 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.

*Betz Goldman Clearfield Kramer & Ocampo LLP*

Columbia, MD  
October 29, 2013

**HUMAN RIGHTS FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash	\$ 639,553	\$ 300,819
Investments Available for Sale	-	50,992
Due From Officer	5,350	-
Contributions and Grants Receivable	269,384	8,000
Prepaid Expenses	80,203	40,483
Property and Equipment, Net	5,969	5,246
Security Deposit	<u>9,520</u>	<u>9,520</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,009,979</u>	<u>\$ 415,060</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	<u>\$ 39,319</u>	<u>\$ 101,192</u>
<b>TOTAL LIABILITIES</b>	<u>39,319</u>	<u>101,192</u>
<b>NET ASSETS</b>		
Unrestricted	560,073	263,368
Temporarily Restricted	<u>410,587</u>	<u>50,500</u>
<b>TOTAL NET ASSETS</b>	<u>970,660</u>	<u>313,868</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,009,979</u>	<u>\$ 415,060</u>

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

**HUMAN RIGHTS FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE TOTALS FOR 2011)**

<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	<b><u>UNRESTRICTED</u></b>	<b><u>TEMP. RESTRICTED</u></b>	<b><u>TOTAL</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>REVENUES, GAINS (LOSSES) AND OTHER SUPPORT</b>					
Individuals	\$ 485,677	\$ -	\$ 485,677	\$ 793,484	
Foundations	422,692	-	422,692	217,000	
Project Donations	13,525	2,033,938	2,047,463	900,682	
Interest Income	1	-	1	1,228	
Unrealized Loss on Investments	-	-	-	(2,338)	
Realized Gain on Investments	1,888	-	1,888	-	
Satisfaction of Program Restrictions	<u>1,673,851</u>	<u>(1,673,851)</u>	<u>-</u>	<u>-</u>	
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<u>2,597,634</u>	<u>360,087</u>	<u>2,957,721</u>	<u>1,910,056</u>	
<b>EXPENSES</b>					
Program Services	2,179,612	-	2,179,612	1,622,593	
Management and General	73,843	-	73,843	71,267	
Fundraising	<u>47,474</u>	<u>-</u>	<u>47,474</u>	<u>38,187</u>	
<b>TOTAL EXPENSES</b>	<u>2,300,929</u>	<u>-</u>	<u>2,300,929</u>	<u>1,732,047</u>	
<b>INCREASE IN NET ASSETS</b>	296,705	360,087	656,792	178,009	
<b>NET ASSETS - BEGINNING</b>	<u>263,368</u>	<u>50,500</u>	<u>313,868</u>	<u>135,859</u>	
<b>NET ASSETS - ENDING</b>	<u>\$ 560,073</u>	<u>\$ 410,587</u>	<u>\$ 970,660</u>	<u>\$ 313,868</u>	

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

**HUMAN RIGHTS FOUNDATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ 656,792	\$ 178,009
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) In Operating Activities:		
Depreciation and Amortization	3,648	2,516
Unrealized Loss on Investments	-	2,338
Realized Gain on Investments	(1,888)	-
Donated Investments	-	(53,330)
(Increase) Decrease in:		
Due From Officer	(5,350)	-
Receivables	(261,384)	210,237
Prepaid Expenses	(39,720)	11,226
Decrease in:		
Accounts Payable and Accrued Expenses	<u>(61,873)</u>	<u>(97,951)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>290,225</u>	<u>253,045</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds From Sales of Investments	52,880	-
Purchase of Equipment	<u>(4,371)</u>	<u>(1,415)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>48,509</u>	<u>(1,415)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	338,734	251,630
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>300,819</u>	<u>49,189</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 639,553</u>	<u>\$ 300,819</u>
<b>INTEREST PAID</b>	<u>\$ -</u>	<u>\$ 301</u>

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

**HUMAN RIGHTS FOUNDATION  
SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE TOTALS FOR 2011)**

	<u>SUPPORTING SERVICES</u>			<u>2012</u>	<u>2011</u>
	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT AND</u> <u>GENERAL</u>	<u>FUND-</u> <u>RAISING</u>	<u>TOTAL</u>	<u>TOTAL</u>
Depreciation	\$ 1,824	\$ 1,824	\$ -	\$ 3,648	\$ 2,516
Development	-	-	10,825	10,825	8,257
Dues and Subscriptions	3,052	763	-	3,815	4,406
Employee Benefits	72,489	4,027	4,027	80,543	66,535
General Programs	1,382,180	-	-	1,382,180	944,742
Insurance	6,711	1,678	-	8,389	5,221
Interest	-	-	-	-	301
Leased Equipment	2,840	710	-	3,550	3,214
Licenses	-	292	-	292	75
Office Supplies	11,068	1,509	-	12,577	17,762
Payroll Taxes	40,304	2,239	2,239	44,782	35,845
Postage and Delivery	1,136	284	-	1,420	438
Professional Services	16,523	19,396	-	35,919	44,229
Rent and Utilities	75,854	10,344	-	86,198	91,675
Salaries	548,415	28,864	30,383	607,662	486,034
Telephone and Internet	17,216	1,913	-	19,129	20,797
	<u>\$ 2,179,612</u>	<u>\$ 73,843</u>	<u>\$ 47,474</u>	<u>\$ 2,300,929</u>	<u>\$ 1,732,047</u>

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

**HUMAN RIGHTS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

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 Foundation's financial statements, management reviews events that occur after the statement of financial position dated December 31, 2012 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through October 29, 2013, 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, 2012 AND 2011  
(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>2012</u>	<u>2011</u>
Furniture and Fixtures	\$ 5,786	\$ 1,414
Computer Equipment	<u>15,752</u>	<u>15,752</u>
	21,538	17,166
Less: Accumulated Depreciation	<u>15,569</u>	<u>11,920</u>
	<u>\$ 5,969</u>	<u>\$ 5,246</u>

Depreciation expense was \$3,648 and \$2,516 for the years ended December 31, 2012 and 2011, respectively.

**HUMAN RIGHTS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(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, 2012:

<u>Year Ending</u>	<u>Amount</u>
2013	\$ 78,456
2014	82,192
2015	85,928
2016	<u>57,285</u>
	<u>\$ 303,861</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

Investments are recorded at market value. The historical cost and market value at December 31, 2012 and 2011 were:

	<u>2012</u>		<u>2011</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Mutual Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,330</u>	<u>\$ 50,992</u>