

HUMAN RIGHTS FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

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10025 Governor Warfield Parkway
Suite 108
Columbia, MD 21044

1111 Bonifant Street
Silver Spring, MD 20910

BGCO

Betz, Goldman, Clearfield & Ocampo, LLP
Certified Public Accountants

Phone: 410-772-8090
Fax: 410-772-8098
Toll Free: 888-432-2351

E-mail: info@bgcocpa.com
www.bgcocpa.com

CHARLES F. BETZ, CPA, RET.

STUART I. GOLDMAN, CPA

ADAM M. CLEARFIELD, CPA, CVA

MICHAEL J. OCAMPO, CPA

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, 2007 and 2006 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 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, 2007 and 2006, and the changes in 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 & Ocampo, LLP

November 15, 2008

**HUMAN RIGHTS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 123,056	\$ 36,778
Accounts Receivable	1,860	3,065
Prepaid Expenses	5,164	6,208
Property and Equipment, Net	25,505	22,123
Security Deposit	<u>14,280</u>	<u>14,280</u>
TOTAL ASSETS	<u>\$ 169,865</u>	<u>\$ 82,454</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 29,954	\$ 8,541
Accrued Payroll and Payroll Taxes	<u>7,429</u>	<u>3,715</u>
TOTAL LIABILITIES	<u>37,383</u>	<u>12,256</u>
NET ASSETS		
Unrestricted	(39,118)	70,198
Temporarily Unrestricted	<u>171,600</u>	<u>-</u>
Total Net Assets	<u>132,482</u>	<u>70,198</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 169,865</u>	<u>\$ 82,454</u>

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

**HUMAN RIGHTS FOUNDATION
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR 2006)**

	<u>UNRESTRICTED</u>	<u>TEMP. RESTRICTED</u>	<u>2007</u>	<u>2006</u>
CHANGES IN UNRESTRICTED NET ASSETS				
REVENUES, GAINS AND OTHER SUPPORT				
Donations	\$ 197,966	\$ -	\$ 197,966	\$ 62,060
Foundations	-	562,152	562,152	350,212
Interest Income	1,023	-	1,023	155
Satisfaction of Program Restrictions	<u>390,552</u>	<u>(390,552)</u>	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>589,541</u>	<u>171,600</u>	<u>761,141</u>	<u>412,427</u>
EXPENSES				
Program Services	644,163	-	644,163	300,518
Management and General	49,747	-	49,747	19,125
Fundraising	<u>4,947</u>	<u>-</u>	<u>4,947</u>	<u>9,516</u>
TOTAL EXPENSES	<u>698,857</u>	<u>-</u>	<u>698,857</u>	<u>329,159</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(109,316)</u>	<u>171,600</u>	<u>62,284</u>	<u>83,268</u>
NET ASSETS - BEGINNING	<u>70,198</u>	<u>-</u>	<u>70,198</u>	<u>(13,070)</u>
NET ASSETS - ENDING	<u>\$ (39,118)</u>	<u>\$ 171,600</u>	<u>\$ 132,482</u>	<u>\$ 70,198</u>

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

**HUMAN RIGHTS FOUNDATION
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 62,284	\$ 83,268
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	6,891	2,880
(Increase) Decrease in:		
Receivables	1,205	(3,065)
Prepaid Expenses	1,044	(6,208)
Security Deposit	-	(14,280)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	25,127	(8,699)
	<u>96,551</u>	<u>53,896</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(10,273)	(25,003)
	<u>(10,273)</u>	<u>(25,003)</u>
NET CASH USED BY INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,278	28,893
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>36,778</u>	<u>7,885</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 123,056</u>	<u>\$ 36,778</u>
INTEREST PAID	<u>\$ 570</u>	<u>\$ -</u>

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

**HUMAN RIGHTS FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR 2006)**

	<u>SUPPORTING SERVICES</u>			<u>2007</u> <u>TOTAL</u>	<u>2006</u> <u>TOTAL</u>
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND-RAISING</u>		
Advertising	\$ -	\$ -	\$ -	\$ -	315
Depreciation	3,445	3,446	-	6,891	2,880
Dues and Subscriptions	1,346	336	-	1,682	1,234
Equipment Rental	-	-	-	-	684
Employee Benefits	24,101	1,479	-	25,580	11,564
General Programs	143,462	-	4,947	148,409	72,436
Human Resources	3,651	406	-	4,057	3,203
Insurance	5,843	1,461	-	7,304	1,686
Interest	-	570	-	570	-
Internships	4,130	864	-	4,994	15,000
Leased Equipment	3,458	497	-	3,955	-
Licenses	-	-	-	-	217
Meals and Entertainment	-	-	-	-	1,014
Miscellaneous	-	-	-	-	1,177
Office Supplies	8,466	1,154	-	9,620	8,263
Payroll Taxes	14,935	916	-	15,851	8,460
Postage and Freight	1,418	355	-	1,773	693
Printing and Reproduction	-	-	-	-	640
Professional Fees	1,623	9,700	-	11,323	4,511
Professional Services	35,513	4,699	-	40,212	43,215
Program Expenses	143,247	-	-	143,247	-
Rent and Utilities	69,642	9,497	-	79,139	23,620
Repairs and Maintenance	-	-	-	-	1,357
Salaries	170,904	10,312	-	181,216	110,886
Staff Training	-	834	-	834	1,624
Telephone and Internet	8,979	997	-	9,976	6,700
Travel	-	2,224	-	2,224	7,780
	<u>\$ 644,163</u>	<u>\$ 49,747</u>	<u>\$ 4,947</u>	<u>\$ 698,857</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, 2007 AND 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, 2007 AND 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 and Fixtures	7
Computer Equipment	3-5

NOTE B – PROPERTY AND EQUIPMENT, NET

Property and equipment are summarized as follows:

	<u>2007</u>	<u>2006</u>
Furniture and Fixtures	\$ 19,524	\$ 14,362
Computer Equipment	15,752	10,641
	35,276	25,003
Less: Accumulated Depreciation	9,771	2,880
	\$ 25,505	\$ 22,123

Depreciation expense was \$6,891 and \$2,880 for the years ended December 31, 2007 and 2006, respectively.

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, 2007 AND 2006
(CONTINUED)**

NOTE C – OPERATING LEASE (CONTINUED)

The following is a schedule of future minimum rental payments required under the above operating lease as of December 31, 2008:

<u>Year Ending</u>	<u>Amount</u>
2008	<u>\$ 59,722</u>
	<u>\$ 59,722</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.