

**The Advocates for Human Rights**

Financial Statements with  
Independent Auditor's Report

June 30, 2024

**The Advocates for Human Rights**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Advocates for Human Rights

**Opinion**

We have audited the accompanying financial statements of The Advocates for Human Rights (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Advocates for Human Rights as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Advocates for Human Rights and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Advocates for Human Rights' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Advocates for Human Rights' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Advocates for Human Rights' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited The Advocates for Human Rights' 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Schutz CPA, Ltd.*

Schutz CPA, Ltd.

October 28, 2024

**The Advocates for Human Rights**  
Statement of Financial Position  
June 30, 2024  
(With Summarized Comparative Totals for 2023)

	2024	2023
<b>Assets</b>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 118,428	\$ 404,198
Accounts Receivable	197,420	30,122
Grants Receivable	519,097	488,118
Promises to Give	49,740	47,162
Accounts Receivable - Other	504,197	
Prepaid Expenses	52,059	32,978
Total Current Assets	<u>1,440,941</u>	<u>1,002,578</u>
<u>Property and Equipment</u>		
Fixtures and Equipment	44,916	124,537
Accumulated Depreciation	(44,467)	(123,057)
Net Property and Equipment	<u>449</u>	<u>1,480</u>
<u>Other Assets</u>		
Investments	2,509,124	2,880,157
Promises to Give (Less Discount)		19,804
Security Deposit	10,132	10,132
Right of Use Asset (Net of Amortization)	476,802	574,272
Total Other Assets	<u>2,996,058</u>	<u>3,484,365</u>
Total Assets	<u><u>\$ 4,437,448</u></u>	<u><u>\$ 4,488,423</u></u>
<b>Liabilities</b>		
<u>Current Liabilities</u>		
Accounts Payable	112,163	139,376
Accrued Vacation	72,896	71,908
Payroll Liabilities	10,158	5,667
Lease Liability - Current	158,430	154,000
Total Current Liabilities	<u>353,647</u>	<u>370,951</u>
<u>Long-Term Debt</u>		
Lease Liability - Net of Current	358,820	497,848
Total Liabilities	<u>712,467</u>	<u>868,799</u>
<b>Net Assets</b>		
Without Donor Restriction	3,552,570	3,179,405
With Donor Restriction	172,411	440,219
Total Net Assets	<u>3,724,981</u>	<u>3,619,624</u>
Total Liabilities and Net Assets	<u><u>\$ 4,437,448</u></u>	<u><u>\$ 4,488,423</u></u>

See accompanying notes to financial statements.

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**The Advocates for Human Rights**  
Statement of Activities  
Year Ended June 30, 2024  
(With Summarized Comparative Totals for 2023)

	2024			2023
	Without Donor Restriction	With Donor Restriction	Total	Total
<b>Support and Revenue</b>				
Foundation and Corporate Contributions	\$ 140,830	\$ 185,000	\$ 325,830	\$ 1,182,647
Individual Contributions	1,210,469		1,210,469	1,545,778
Government Grants	1,652,238		1,652,238	497,612
In-Kind Donations - Professional Services	20,206,591		20,206,591	16,945,727
In-Kind Donations - Supplies and Event Costs	262,814		262,814	83,843
Contract Revenue	526,916		526,916	444,697
Program Service Fees	26,141		26,141	29,045
Investment Income	140,889		140,889	68,690
Other Income	1,253		1,253	3,127
Subtotal Support and Revenue	24,168,141	185,000	24,353,141	20,801,166
Released from Restrictions	452,808	(452,808)		
Special Event	207,163		207,163	193,141
Less Special Events Direct Expenses	(81,143)		(81,143)	(91,677)
Net Special Event	126,020		126,020	101,464
Total Support and Revenue	24,746,969	(267,808)	24,479,161	20,902,630
<b>Expenses</b>				
Program Services	23,713,923		23,713,923	19,636,371
Management and General	456,832		456,832	438,924
Fundraising	203,049		203,049	185,184
Total Expenses	24,373,804		24,373,804	20,260,479
Change in Net Assets	373,165	(267,808)	105,357	642,151
Net Assets - Beginning of Year	3,179,405	440,219	3,619,624	2,977,473
Net Assets - End of Year	<u>\$ 3,552,570</u>	<u>\$ 172,411</u>	<u>\$ 3,724,981</u>	<u>\$ 3,619,624</u>

**The Advocates for Human Rights**  
Statement of Functional Expenses  
Year Ended June 30, 2024  
(With Summarized Comparative Totals for 2023)

	Program Services	Management and General	Fundraising	Expenses Before Special Event	Special Event Expenses	2024 Total Expenses	2023 Total Expenses
Personnel Costs	\$ 2,440,159	\$ 166,236	\$ 113,077	\$ 2,719,472		\$ 2,719,472	\$ 2,265,521
Events and Meetings	32,948	10,176	275	43,399	\$ 69,352	112,751	77,459
Insurance	23,146	232	167	23,545		23,545	19,281
Miscellaneous	5,396	1,408	197	7,001	2,569	9,570	7,394
Occupancy	281,927	12,689	10,040	304,656		304,656	265,135
Office Equipment	48,109	28,180	1,491	77,780		77,780	70,253
Office Expense	8,131	18,536	574	27,241	350	27,591	31,576
Postage	17,743	706	738	19,187	1,275	20,462	16,014
Printing and Duplication	20,852	1,101	752	22,705	1,020	23,725	23,286
Professional Services	20,545,662	214,052	74,480	20,834,194	6,200	20,840,394	17,451,392
Subscriptions and Resources	13,132	666	606	14,404	350	14,754	21,103
Telephone and Internet	17,451	874	620	18,945		18,945	18,936
Travel	259,267	945	32	260,244	27	260,271	83,644
Depreciation		1,031		1,031		1,031	1,162
Total Expenses	<u>\$ 23,713,923</u>	<u>\$ 456,832</u>	<u>\$ 203,049</u>	<u>\$ 24,373,804</u>	<u>\$ 81,143</u>	<u>\$ 24,454,947</u>	<u>\$ 20,352,156</u>

See accompanying notes to financial statements.

**The Advocates for Human Rights**  
Statement of Cash Flows  
Year Ended June 30, 2024  
(With Summarized Comparative Totals for 2023)

	2024	2023
<b>Cash Flows from (to) Operating Activities</b>		
Change in Net Assets	\$ 105,357	\$ 642,151
Adjustments to Reconcile:		
Depreciation	1,031	1,162
Realized and Unrealized (Gain) Loss on Investments	(128,967)	(68,690)
Non Cash Lease Expense	129,792	143,815
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(671,495)	261,219
Grants Receivable	(30,979)	(488,118)
Promises to Give	17,226	175,026
Prepaid Expenses	(19,081)	40,226
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(27,213)	73,987
Accrued Vacation	988	16,927
Payroll Liabilities	4,491	153
Net Cash from Operating Activities	<u>(618,850)</u>	<u>797,858</u>
<b>Cash Flows (to) Investing Activities</b>		
Purchase of Investments		(2,846,762)
Proceeds from Sale of Investments	500,000	
Net Cash from (to) Investing Activities	<u>500,000</u>	<u>(2,846,762)</u>
<b>Cash Flows (to) Financing Activities</b>		
Payments on Lease	(166,920)	(149,333)
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(285,770)</u>	<u>(2,198,237)</u>
Cash and Cash Equivalents, Beginning of Year	404,198	2,602,435
Cash and Cash Equivalents, End of Year	<u><u>\$ 118,428</u></u>	<u><u>\$ 404,198</u></u>



## **The Advocates for Human Rights**

### **Notes to Financial Statements**

June 30, 2024

#### **Note 1: Nature of the Organization**

Founded in 1983, The Advocates for Human Rights, a non-governmental organization based in the United States, works to ensure all people live with dignity, freedom, justice, equality, and peace. Our mission is to implement international human rights standards to promote civil society and reinforce the rule of law. By involving volunteers in research, education, and advocacy, we build broad constituencies in the United States and select global communities.

The Advocates investigates and exposes human rights violations internationally and in the United States; represents refugee and immigrants who are victims of human rights abuses; trains and assists groups that protect human rights; and works through education and advocacy to engage the public, policymakers, and children in human rights and cultural understanding.

The Advocates program work includes:

Refugee and Immigrant Rights: The Advocates provides free legal representation to asylum seekers, unaccompanied children, trafficking victims, Afghan evacuees, and detained immigrants in the Upper Midwest. With pro bono assistance from hundreds of attorneys, The Advocates is the primary asylum legal service provider in Minnesota, North Dakota and South Dakota. In addition, The Advocates provides pro se materials, information, and other resources to advance their immigration cases. The Advocates also collaborates on the Immigration Court Observer Project to engage hundreds of volunteers in monitoring immigration court hearings and advocates for human rights-based immigration policies at the local, state, and national level.

Women's Human Rights: The Advocates has 30 years of experience working with partners in Minnesota and around the world to document problems in the government response to violence against women and responding to the needs of women's human rights defenders. The Advocates works to end violence against women by changing laws and their implementation, as well as through trainings, advocacy, and monitoring and documentation of human rights abuses against women and girls. Through the WATCH court monitoring project, we mobilize volunteers to observe cases of violence against women and children and bring the public eye into the courtroom to ensure a trauma-informed response. We work with partners to enhance protections for women and provide training and technical assistance for The Advocates' global women's human rights partners around legal analysis and advocacy. We forged new partnerships with civil society in Turkmenistan, Russia (diaspora), Cyprus, UK, and North Macedonia. We continued to facilitate a coalition of 80 human rights defenders to counter the anti-gender movement and protect human rights.

International Justice: The Advocates develops innovative, sustainable strategies to hold governments accountable for human rights abuses and to strengthen institutions in the international justice system. The Advocates engages our clients, diaspora communities, and international human rights partners in monitoring and documenting human rights conditions in countries around the world, and using local, regional, international, and transitional justice mechanisms to improve human rights worldwide. With the assistance of pro bono volunteers, The Advocates partnered with human rights defenders in more than 50 countries on 5 continents to build their capacity to engage in advocacy at the United Nations to end gender-based violence, the use of the death penalty, and violence and discrimination based on race, religion, ethnicity, national origin, sexual orientation, gender identity, gender expression, and/or sex characteristics.

Research, Education and Advocacy: The Advocates uses a human rights approach to document abuses, provide training and technical assistance to human rights defenders worldwide, engage people who have experienced human rights violations in advancing policy changes, and increase awareness of human rights. The Advocates is a leader in human rights advocacy at the local, national, and international level on our priority issues including death penalty abolition, violence against women and LGBTIQ+ persons, human trafficking, and the rights of noncitizens. The Advocates brings international human rights principles to the community and classrooms through curricular resources and training manuals; presentations, lectures, conferences, continuing education courses, and public forums; and through two unique websites.

**The Advocates for Human Rights**  
Notes to Financial Statements  
June 30, 2024

**Note 1: Nature of the Organization (Continued)**

Nepal School Project: For 25 years, The Advocates has partnered with the Sankhu-Palubari community in Nepal to provide the most at-risk children in the area with high-quality education as a genuine alternative to child labor and a pathway to academic success and economic opportunity. The Sankhu-Palubari Community School currently provides an entirely free education.

**Note 2: Summary of Significant Accounting Policies**

Financial Statement Presentation: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Prior Year Summarized Comparative Financial Information: The prior year June 30, 2023, financial statements are presented as summarized comparative information in total, but not by net asset class. Disclosures for the prior year financial statements are not presented. The June 30, 2023, summarized information does not include adjustments or sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023.

Cash and Cash Equivalents: The Organization maintains its cash in bank deposit accounts. Cash equivalent include undeposited funds where checks have been received and amounts received on giving platforms not yet deposited into bank accounts. Cash equivalents do not include cash and cash equivalents held at brokerage firms in investment portfolios.

Accounts and Grants Receivable: The Organization's accounts receivable consist of fee for service earned in the current year and grants receivable consist mostly of donations and government grants for reimbursement of expenses that were effectively received in the current year but not received until the following year.

The Organization provides an allowance for uncollectible accounts based on the allowance method using management's judgement. Accounts receivable are unsecured. An allowance is estimated based on the historical experience of the Organization; accounts that are determined to be uncollectible are written off against the allowance account. No allowance for bad debts was considered necessary at June 30, 2024.

Promises to Give: The Organization records promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Promises to give are written off when deemed uncollectible. At June 30, 2024, all amounts were considered fully collectible and an allowance account was not deemed necessary.

Property and Equipment: Property and equipment additions over \$1,000 are carried at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 7 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Investments: The Organization records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value in the statement of financial position. Net investment income/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

## The Advocates for Human Rights

### Notes to Financial Statements

June 30, 2024

#### **Note 2: Summary of Significant Accounting Policies (Continued)**

Net Assets: Net assets, revenues, gains and losses are classified based on the existence or absence of restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions:* Net assets which are not limited by donor-imposed stipulations.

*Net Assets With Donor Restrictions:* Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or passage of time or are required by donor-stipulations that they be maintained by the Organization, that neither expire by passage of time nor can be fulfilled or otherwise removed by action of the Organization.

Contributions restricted by donors are shown as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### Revenue and Revenue Recognition:

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable grants and government contracts, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization was awarded cost-reimbursable grants for future periods that have not been recognized at June 30, 2024, because qualifying expenditures have not yet been incurred. The Minnesota Department of Human Services contract was \$2,114,985 with \$1,215,968 remaining at year end.

Contract and program revenue are recognized when contracted fee for services are performed and when programs are delivered. Program fees and service contract income are deferred to the applicable period in which related services are performed.

Special event revenue is recorded equal to the fair value of direct benefits to the donors and contributions income for the excess received when the event takes place.

Donated Services and In-Kind Contributions: Contributed nonfinancial assets include donated professional services, event and supply costs, and other in-kind contributions which are recorded at the estimated fair value, at the date of donation, of the services and goods received. In addition, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional Allocation of Expenses: The costs of programs and supporting services activities have been summarized on a functional basis and natural classifications in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the Organization's cost centers (functional units) in which expenses are incurred, as well as estimates of time spent by employees and usage of facilities.

## The Advocates for Human Rights

### Notes to Financial Statements

June 30, 2024

#### Note 2: Summary of Significant Accounting Policies (Continued)

Joint Costs of Activities That Include a Fund-Raising Appeal: The Organization has house parties that include programmatic and administrative information together with a request for contributions in support of the Organization's mission. The associated costs, including in-kind amounts were allocated and included in the functional expense statement.

Estimates: The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

Income Taxes: The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Financial Instruments and Credit Risk: The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category.

At June 30, 2024, the Organization did not have amounts in excess of FDIC insurance limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts, grants, and pledges receivable is considered to be limited due to high historical collection rates, substantial portions of the outstanding amounts are due from foundations, governmental agencies, and individuals supportive of the Organization's mission, and because substantial portions of the outstanding amounts have already been collected. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that investment policies and guidelines are prudent for the long-term welfare of the Organization.

Leases: The Organization accounts for leases using a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The Organization uses a risk-free rate as the discount rate used to measure lease liabilities and right-of-use assets at commencement of a lease.

Short-term leases of 12 months or less are expensed as incurred.

Subsequent Events: The Organization has evaluated subsequent events through October 28, 2024, which was the date the financial statements were available to be issued.

#### Note 3: Liquidity and Availability

Total current financial assets comprise the following:

Cash and Cash Equivalents	\$ 118,428
Accounts Receivable	197,420
Grants Receivable	519,097
Promises to Give	49,740
Accounts Receivable - Other	504,197
Prepaid Expenses	52,059
Total Current Financial Assets	1,440,941

## The Advocates for Human Rights

### Notes to Financial Statements

June 30, 2024

#### Note 3: Liquidity and Availability (Continued)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following:

Total Current Financial Assets	\$1,440,941
Restricted for Time or Purpose	<u>(172,411)</u>
Available Financial Assets	1,268,530

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

As part of the Organization's liquidity management plan the Board established a reserve account to cover budget short falls and to establish up to a six-month expense reserve. At June 30, 2024, the Board Designated reserve funds are held in investments with a balance of \$2,504,482.

#### Note 4: Fair Value Measurement

As required by current accounting standards, fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk, or liquidity profile of the asset. U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2. There are no Level 3 investments.

The following table on the following page presents assets measured at fair value on a recurring basis, except those measured at cost per share as a practical expedient as identified in the following, at June 30, 2024.

<u>Investment In:</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Stocks	\$ 4,642		\$0	\$ 4,642
Cash (at Cost)	106,150			106,150
US Government Obligations		<u>\$2,398,332</u>	<u>—</u>	<u>2,398,332</u>
Total Investments	110,792	2,398,332	-0-	2,509,124

**The Advocates for Human Rights**  
Notes to Financial Statements  
June 30, 2024

**Note 5: Accounts Receivable - Other**

During the year ended June 30, 2024, the Organization amended payroll tax returns from 2021 to claim the employee retention tax credit created from the Consolidated Appropriations Act of 2021, which allows employers to claim a credit based on eligible payroll amounts related to the Coronavirus pandemic.

**Note 6: Loan Management Account**

The Organization has a Loan Management Account with a bank which operates as an uncommitted revolving line of credit. Advances, once approved, are due on demand and can either be requested as a variable or fixed interest agreement. Amounts are secured by investments.

**Note 7: Leases**

The Organization entered into an updated lease agreement for office space which expanded the leased area effective April 1, 2020, and ends October 31, 2027, with possible extension. The Organization has a security deposit on the lease of \$10,132. The initial lease called for monthly payments of \$11,671 with an annual increase of 3% each July. Common area maintenance and real estate tax are required to be paid by the Organization.

The lease required no monthly payments for July 1, 2020, through January 31, 2021. As part of the new lease the Organization was granted an allowance for leasehold improvements. The Organization did not use the full leasehold improvement allowance and starting February 1, 2021, received a reduction in rent expense until the leasehold improvement rental allowance was used. Prior to adopting the new lease standard, the in-kind rent was recognized over the lease term on a straight-line basis. After adopting the new standard, the remaining seven months of in-kind rent was used to increase the right-of-use asset and the remaining leasehold allowance was credited against rent expense.

There were no renewal options included in the determination of the right-of-use asset and lease liability. Common area maintenance and real estate tax are variable and are charged based on actual expenses so are not included in the right-of-use asset and lease liability. The Organization has elected to use the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

The short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases has been elected.

Total lease costs for the year ended June 30, 2024, was \$304,656.

The following summarizes supplemental cash flow information:

	<u>Right of Use Asset</u>	<u>Lease Liability</u>
Initial Balance, Beginning of Year	\$574,272	\$651,848
Reduction of Right of Use Asset	(97,470)	
Reduction of Lease Liability		(134,598)
Ending Balance, June 30, 2024,	<u>476,802</u>	<u>517,250</u>

The weighted-average remaining lease term is 3.3 years.

The weighted-average discount rate is 3.25%.

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Notes to Financial Statements

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**Note 7: Leases (Continued)**

The future minimum lease payments under noncancelable operating leases with terms greater than one year are as follows:

June 30, 2025	\$ 158,430
2026	163,000
2027	168,000
2028	57,355
Less Interest	<u>(29,535)</u>
Present Value of Lease Liability	517,250

The Organization also leases various office equipment including a copy machine and a postage machine. The remaining right to use asset and lease liability on these leases is less than \$10,000 and payments are being expensed as incurred rather than separating lease and non-lease components and recording the right to use asset and corresponding liability.

**Note 8: Net Assets With Donor Restrictions**

The Organization's net assets with donor restrictions are restricted for the following purposes:

Refugee and Immigrant Rights	\$ 70,139
Research, Education, and Advocacy	62,500
Subject to Passage of Time	<u>39,772</u>
Total Net Assets With Donor Restrictions	172,411

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2024:

Refugee and Immigrant Rights	\$239,028
Research, Education, and Advocacy	116,667
Subject to Passage of Time	<u>97,113</u>
Satisfaction of Donor Restrictions	452,808

**Note 9: Investment Income**

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended:

Interest and Dividends	\$ 9,844
Realized Gains	5,205
Unrealized Gains	<u>125,840</u>
Total Net Investment Income	140,889

Investments are held for future use and are not considered current assets.

**Note 10: Donated Professional Services and Supplies and Event Costs**

For the year ended June 30, 2024, the Organization received contributed nonfinancial assets and recognized the following on the statement of activities as follows:

Contributed Nonfinancial Assets	Program Services	Management and General	Fundraising and Development	Total
Professional Services	\$20,069,147	\$121,609	\$15,835	\$20,206,591
Supplies and Event Costs	<u>208,601</u>	<u>53,989</u>	<u>224</u>	<u>262,814</u>
Total	20,277,748	175,598	16,059	20,469,405

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**Note 10: Donated Professional Services and Supplies and Event Costs (Continued)**

Contributed professional services and supplies and event costs are valued using market rates and replacement cost (principal market) of identical or similar items considering the experience and condition at the time of contribution. Contributed nonfinancial assets are used as presented in the above table. Contributed professional services consist primarily of legal services used for program purposes.

Many other volunteer service hours, for which no value has been assigned, benefited the Organization during the year ended June 30, 2024, and have not been recognized in the financial statements since they do not meet the requirements for recognition.

In-kind donations - supplies and event costs on the statement of activities includes special event silent auction items of \$20,371.

**Note 11: Retirement Plan**

The Organization has a Salary Reduction Retirement Plan which is qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees who meet eligibility requirements. The Organization does not make employer contributions into the plan.

**Note 12: Related Party Activity**

The Organization has several attorneys and other professionals on its Board of Directors. Several of the firms that these professionals are affiliated with provide in-kind contributions of time and services to the Organization to further the work of the Organization according to its mission.