Consolidated Financial Report June 30, 2020

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Independent Auditor's Report

RSM US LLP

Board of Directors Human Rights Watch, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Human Rights Watch, Inc. and Subsidiaries (HRW), which comprise the consolidated statement of financial position as of June 30, 2020, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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 from 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 HRW as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited HRW's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

New York, New York December 7, 2020

Consolidated Statement of Financial Position June 30, 2020 (With Comparative Financial Information as of June 30, 2019)

	2020	2019
Assets		_
Cash and cash equivalents	\$ 44,668,603	\$ 43,624,583
Contributions receivable, net	15,929,749	24,527,887
Prepaid expenses and other assets	2,927,668	3,082,084
Investments	144,849,654	150,902,909
Fixed assets, net	8,379,469	7,278,779
Total assets	\$ 216,755,143	\$ 229,416,242
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 7,588,774	\$ 8,590,114
Deferred rent	3,643,488	1,877,994
Total liabilities	11,232,262	10,468,108
Commitments and contingencies		
Net assets:		
Without donor restrictions	22,949,717	19,931,799
With donor restrictions	182,573,164	199,016,335
Total net assets	205,522,881	218,948,134
Total liabilities and net assets	\$ 216,755,143	\$ 229,416,242

Consolidated Statement of Activities Year Ended June 30, 2020 (With Summarized Financial Information for the Year Ended June 30, 2019)

			2020				2019
							Summarized
	Without Donor		With Donor				Comparative
	Restrictions		Restrictions		Total		Total
Public support and revenue:							
Contributions and grants	\$ 12,522,825	\$	48,346,831	\$	60,869,656	\$	63,983,212
Contributed service and property revenue	992,205	•	-	•	992,205	•	4,237,565
Special events	15,697,894		-		15,697,894		20,767,565
Less: direct cost of special events	(2,113,315)		-		(2,113,315)		(3,526,750)
Total public support	27,099,609		48,346,831		75,446,440		85,461,592
Revenue:	· · · · · · · · · · · · · · · · · · ·		,		· ·		
Net investment return (loss)	1,071,030		(780,983)		290,047		(606,737)
Publications	•		(700,903)				16,512
	17,465		-		17,465		10,512
Change in value of beneficial interest in	47.007				47.007		(204 725)
split-interest agreements Other	17,697		-		17,697		(201,735)
Other Total revenue	223,943 1,330,135		(780,983)		223,943 549,152		(562,226)
	1,330,133		(760,963)		349,132		(562,236)
Net assets released from restrictions	63,897,497		(63,897,497)		-		-
Total public support and revenue	92,327,241		(16,331,649)		75,995,592		84,899,356
Expenses:							
Program services:							
Africa	7,379,745		-		7,379,745		8,288,083
Americas	2,924,025		-		2,924,025		2,923,308
Asia	7,377,230		-		7,377,230		7,852,699
Europe and Central Asia	5,617,845		-		5,617,845		5,848,752
Middle East and North Africa	5,902,195		-		5,902,195		6,969,945
United States	3,025,492		-		3,025,492		3,676,889
Children's Rights	3,423,956		-		3,423,956		3,283,251
Disability Rights	3,110,049				3,110,049		3,140,699
LGBT's Rights	1,926,927		-		1,926,927		1,987,259
Women's Rights	3,234,544		-		3,234,544		3,586,134
Other programs	19,309,123		-		19,309,123		15,220,449
Total program services	63,231,131		-		63,231,131		62,777,468
	· · · · · · · · · · · · · · · · · · ·				•		
Supporting services:	0.205.542				0.205.542		0.050.567
Management and general	9,285,543		-		9,285,543		9,850,567
Fundraising	16,519,715		<u> </u>		16,519,715		16,469,600
Total supporting services Total expenses	25,805,258 89,036,389				25,805,258 89,036,389		26,320,167 89,097,635
Total expenses	09,030,309		<u> </u>		09,030,309		09,091,033
Change in net assets before foreign							
currency translation loss	3,290,852		(16,331,649)		(13,040,797)		(4,198,279)
Foreign currency translation loss	(272,934)		(111,522)		(384,456)		(286,968)
Change in net assets	3,017,918		(16,443,171)		(13,425,253)		(4,485,247)
Net assets:							
Beginning of year	19,931,799		199,016,335		218,948,134		223,433,381
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End of year	\$ 22,949,717	\$	182,573,164	\$	205,522,881	\$	218,948,134

Consolidated Statement of Functional Expenses Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

									2020								2019
	Program Services Supporting Services												· · · · · · · · · · · · · · · · · · ·				
					Middle East							Total			Total		Summarized
				Europe and	and	United	Children's	Women's	Disability	LGBT's	Other	Program	Management		Supporting		Comparative
	Africa	Americas	Asia	Central Asia	North Africa	States	Rights	Rights	Rights	Rights	Programs	Services	and General	Fundraising	Services	Total	Total
Salaries and related expenses:																	
Salaries	\$ 3,755,152	\$ 1,635,695	\$ 4,118,814	\$ 2,961,906	\$ 3,140,476	\$ 1,792,032	\$ 1,921,950	\$ 1,802,430	\$ 1,473,289	\$ 985,168	\$ 11,223,876	\$ 34,810,788	\$ 3,429,551	\$ 6,674,067	\$ 10,103,618	\$ 44,914,406	\$ 43,392,518
Payroll taxes and other																	
employee benefits	1,246,501	481,739	1,170,499	1,100,305	1,038,007	493,893	612,654	547,070	469,830	308,678	3,317,877	10,787,053	1,347,079	2,319,233	3,666,312	14,453,365	14,032,973
Total salaries and												.=	. ===				
related expenses	5,001,653	2,117,434	5,289,313	4,062,211	4,178,483	2,285,925	2,534,604	2,349,500	1,943,119	1,293,846	14,541,753	45,597,841	4,776,630	8,993,300	13,769,930	59,367,771	57,425,491
Consultant's fees	69,010	58,043	155,708	56.807	69,518	32,678	30,379	32,071	98,339	12,918	314,127	929.598	186,242	81.010	267,252	1,196,850	573,684
Publications	185,277	71,259	151,258	137,316	193,924	62,603	79.724	68,472	59.609	67.087	393,191	1.469.720	54.193	121,820	176.013	1.645.733	2,171,746
Travel, meals and meetings	796,513	224,850	522,864	310,027	355,403	211,914	203,739	203,504	214,396	203,384	1,248,334	4.494.928	720,841	398.044	1,118,885	5,613,813	6,643,733
Rent	567,700	196,681	527,560	448,858	486,485	191,856	244.645	249,438	211,061	148,685	1,093,649	4,366,618	581,694	1,821,407	2,403,101	6,769,719	6,626,340
Office expenses	368,588	122,168	377,148	283,202	283,172	115,023	143,661	162,224	128,887	87,193	660,938	2,732,204	358,781	1,078,796	1,437,577	4,169,781	4,775,463
Direct mail and marketing	-			-	-	-	-		-	-	322,486	322,486	-	2,834,252	2,834,252	3,156,738	2,657,216
Professional fees	207.491	68.164	179.441	182,188	185.208	61.663	105.820	86,355	384.425	64.345	370,811	1,895,911	1,967,061	584,696	2,551,757	4.447.668	7,161,442
Total expenses before				, , , , , , , , , , , , , , , , , , , ,	,	,,,,,,	,	,	,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		,,-	, , , , , , , , , , , , , , , , , , , ,	, , , , , , , , , , , , , , , , , , , ,	,,-	, , , ,	
deprecation and																	
amortization	7,196,232	2,858,599	7,203,292	5,480,609	5,752,193	2,961,662	3,342,572	3,151,564	3,039,836	1,877,458	18,945,289	61,809,306	8,645,442	15,913,325	24,558,767	86,368,073	88,035,115
Deprecation and amortization	183,513	65,426	173,938	137,236	150,002	63,830	81,384	82,980	70,214	49,469	363,834	1,421,826	640,101	606,390	1,246,491	2,668,317	1,062,520
	\$ 7,379,745	\$ 2,924,025	\$ 7,377,230	\$ 5,617,845	\$ 5,902,195	\$ 3,025,492	\$ 3,423,956	\$ 3,234,544	\$ 3,110,050	\$ 1,926,927	\$ 19,309,123	\$ 63,231,132	\$ 9,285,543	\$ 16,519,715	\$ 25,805,258	\$ 89,036,390	\$ 89,097,635

Consolidated Statement of Cash Flows Year Ended June 30, 2020 (With Comparative Financial Information for the Year Ended June 30, 2019)

		2020	2019
Cash flows from operating activities:			
Change in net assets	\$	(13,425,253)	\$ (4,485,247)
Adjustments to reconcile change in net assets to net cash			
(used in) provided by operating activities:			
Depreciation and amortization		2,668,317	1,062,520
Net realized/unrealized gains on investments		307,744	(313,784)
Change in discount on contributions receivable		175,440	349,070
Deferred rent		1,765,494	12,266
Change in value of beneficial interest in			
split-interest agreements		(17,697)	201,735
Donated securities		(1,742,316)	(2,384,169)
Proceeds from sale of donated securities		1,742,316	2,384,169
Changes in operating assets and liabilities:			
Decrease (increase) in assets:			
Contributions receivable		8,422,698	4,664,248
Prepaid expenses and other assets		154,416	(466,996)
Increase (decrease) in liabilities:			
Accounts payable, accrued expenses and other liabilities		(983,643)	408,777
Net cash (used in) provided by operating activities		(932,484)	1,432,589
Cash flows from investing activities:			
Net purchases of investments		(58,190,102)	(39,202,374)
Proceeds from sale of investments		63,935,613	45,813,109
Purchases of fixed assets		(3,769,007)	(1,908,843)
Net cash provided by (used in) investing activities		1,976,504	4,701,892
Net increase in cash and cash equivalents		1,044,020	6,134,481
Cash and cash equivalents:			
Beginning of year		43,624,583	37,490,102
End of year	<u>\$</u>	44,668,603	\$ 43,624,583
Supplemental disclosure of cash flow information: Purchase of fixed assets included in accounts payable, accrued expenses and other liabilities	<u>\$</u>	<u>-</u>	\$ 643,086

Note 1. Nature of Organization

Human Rights Watch, Inc. (HRW) is a not-for-profit organization that works to stop human rights abuses. Currently, HRW monitors and promotes human rights in over 80 countries worldwide. HRW's programs are divided into five parts for each region of the world plus the United States and thematic programs devoted to women's rights, children's rights, LGBT rights, refugees, military affairs, international justice, responsibilities of corporations, health and human rights and disability rights, and human rights and the environment.

HRW obtains financial support from the public, primarily individuals and foundations, but also estates, trusts and businesses. HRW does not seek or accept financial support from any government or government-funded agency.

The HRW consolidated financial statements as of June 30, 2020 and 2019, include branches, charitable affiliates and registered offices. These entities listed below (official local name included in some instances) were established to support HRW primarily through the promotion of human rights and justice throughout the world in times of peace and war by directly or indirectly funding it through fundraising campaigns, volunteers and collected contributions from the public. These entities, over which HRW maintains operational control and oversight, are listed below:

Australia: Australia Foundation in Support of Human Rights Watch Limited

Belgium: Human Rights Watch, Inc.

Brazil: Human Rights Watch Brasil (Associação dos Apoiadores dos Direitos Humanos)

Canada: Human Rights Watch, Inc.

Democratic Republic

of the Congo: Human Rights Watch

• Denmark: Representative Office of Insamlingsstiftelsen the Scandinavian Foundation in

Support of Human Rights Watch in Denmark

France: French Association in Support of Human Rights Watch (Association Française de

Soutien à Human Rights Watch)

France: Human Rights Watch, Inc.

• Germany: Human Rights Watch - Association for the Protection of Human Rights - e. V.

(Human Rights Watch - Verein zur Wahrung de Menschenrechte - e.V.)

Japan: Japan Foundation in Support of Human Rights Watch

Jordan: Human Rights WatchKenya: Human Rights Watch

Kyrgyzstan: Representative Office of Human Rights Watch, Inc. in the Kyrgyz Republic

Lebanon: Human Rights Watch in Lebanon

Netherlands: Foundation Human Rights Watch Netherlands (Stichting Human Rights Watch

Nederland)

Norway: Representative Office of Human Rights Watch, Inc. in Norway

Norway: Norway Foundation in Support of Human Rights Watch

Russia: Representative Office of the Corporation "Human Rights Watch, Inc." (USA) in the

Russian Federation

South Africa: The South African Foundation in Support of Human Rights Watch

South Korea: Human Rights Watch Korea

Sweden: Insamlingsstiftelsen the Scandinavian Foundation in Support of Human Rights Watch

Switzerland: Human Rights Watch, Inc. (Human Rights Watch, Inc. New York (Etats-Unis),

succursale de Genève)

Switzerland: Swiss Foundation in Support of Human Rights Watch

Tunisia: Human Rights Watch, Inc.
 Ukraine: Human Rights Watch, Inc.
 UK: Human Rights Watch, Inc.

Note 2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Human Rights Watch, Inc. and subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The functional currencies of the subsidiaries are translated into HRW's reporting currency, United States Dollars.

Note 3. Summary of Significant Accounting Policies

Basis of presentation: The consolidated financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations. In the consolidated statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

Financial statement presentation: The classification of HRW's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets, without donor restrictions and with donor restrictions, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents: HRW considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Financial instruments and fair value: Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurement, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as HRW would use in pricing HRW's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of HRW are traded. HRW estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1: Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Notes to Consolidated Financial Statements

Note 3. Summary of Significant Accounting Policies (Continued)

- **Level 2:** Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.
- **Level 3:** Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Net investment return (loss) are reported as increase or decrease in net assets with donor restrictions if the term of the original gifts require that they be applied to the principal of a donor restricted endowment fund or if the terms of gift impose restrictions on the use of the gains or losses; and as increases or decreases in net assets without donor restrictions in all other cases.

Contributions receivable and allowances: HRW reports unconditional promises to give as contributions. Promises to give are initially reported at fair value in the period the donor's commitments are received based on Level 3 inputs. If amounts are expected to be collected within one year, they are recorded at net realized value. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discounts is included in contributions revenue.

HRW uses the allowance method for uncollectible unconditional contributions receivable. The allowance is based on prior years' experience and management's analysis and evaluation of specific promises made. While management uses the best information available to make its evaluation. Future adjustments to the allowance may be necessary if there are significant changes in economic conditions.

Concentrations of donors: The contribution receivable from one donor in an amount of \$2,325,000 makes up 15% of total contributions receivable balance as of June 30, 2020. The contributions receivable from two donors totaling \$24,527,887 make up 52% of total contributions receivable as of June 30, 2019.

Fixed assets: Fixed assets are recorded at cost when purchased. Fixed assets in the United States (U.S.) costing in excess of \$5,000, are capitalized at cost. The capitalization thresholds of fixed assets in HRW foreign offices vary based on local rules and policies. Depreciation is computed on an accelerated basis or on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

	Years
	Remaining term
Leasehold improvements	of lease
Furniture and fixtures	7
Office equipment	5
Computer hardware and software	5

Impairment of long-lived assets: HRW follows the provisions of ASC 360-10-35, Accounting for the Impairment or Disposal of Long-Lived Assets, which requires HRW to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the years ended June 30, 2020 and 2019, there have been no such losses.

Note 3. Summary of Significant Accounting Policies (Continued)

Endowment Fund: The net assets of the Endowment Fund (the Fund) are comprised of funds solicited as part of the 1998 Endowment Campaign. The funds raised in this campaign were solicited as contributions with restrictions that are temporary in nature, to be accumulated for the purpose of providing an amount equal to 5% of the Fund's value, as defined, annually in support of operations. In the case of exceptional circumstances, as declared by a vote of two-thirds of the Board of Directors (the Board), HRW may spend more than this 5% limit. The Fund balance as of June 30, 2020 and 2019, was \$134,504,671 and \$135,285,654, respectively.

Contributed services: Contributed services are recognized as contributions in accordance with the accounting standard relating to accounting for contributions received if the services: (a) create or enhance financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by HRW. In addition, many individuals volunteer their time and perform a variety of tasks that assist HRW. HRW receives more than 5,000 volunteer hours per year. The services provided by the volunteers were not recognized in the consolidated financial statements, because they do not meet the criteria of this standard.

Revenue recognition: The operations of HRW are financed principally by foundation grants and contributions received from the general public. Grants and contributions are reported at estimated fair value on the date they are received. Unconditional grants and contributions received are recorded as support without donor restrictions or support with donor restrictions depending on the existence or absence of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Conditional grants and contributions with a barrier and a right of return are not recognized until the conditions are met. Revenue for special events is recognized when the event takes place.

Risk and uncertainties: HRW's investments consist of a variety of investment securities and investment funds. Investments in general are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of HRW's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which HRW operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to HRW. Accordingly, management cannot presently estimate the overall operational and financial impact to HRW.

Use of estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and other disclosures in the consolidated financial statements. Accordingly, actual results could differ from those estimates.

Notes to Consolidated Financial Statements

Note 3. Summary of Significant Accounting Policies (Continued)

Reclassification: Certain amounts reported in the prior year in consolidated financial statements have been reclassified to conform to current year's presentation.

Income taxes: HRW is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore has made no provision for income taxes in the accompanying consolidated financial statements. HRW has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the IRC. HRW did not have unrelated business income taxes for the years ended June 30, 2020 and 2019.

Accounting for uncertainty in income taxes: Under ASC 740, Income Taxes, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will not be sustained upon examination by a taxing authority. HRW does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. HRW has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, HRW has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended June 30, 2020 and 2019, there was no interest or penalties recorded or included in the consolidated statement of activities. Under IRS statutes with few exceptions, HRW is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for three years from the filing date.

Concentration of credit risk: Financial instruments that potentially subject HRW to concentration of credit risk consist primarily of cash and cash equivalents. At various times, HRW has cash deposits at financial institutions which exceed the FDIC insurance limits. HRW believes it is not exposed to any significant credit risk on cash and cash equivalents.

Recently adopted accounting pronouncement: In August 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, intended to clarify and improve the scope and the accounting guidance for contributions received and made. HRW has adopted ASU 2018-08 by applying the guidance on a modified prospective transition method for contribution received for the year ended June 30, 2020. There are no contributions made by HRW. The adoption of ASU 2018-08 had no impact on HRW's financial position, activities, net assets, or cash flows as of the adoption date or for the years ended June 30, 2020 and 2019.

Recent accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In June 2020, FASB issued ASU 2020-05, which defers the effective date of ASU 2014-09, making it effective for annual reporting periods beginning after December 15, 2019. HRW is evaluating the impact of this ASU on the consolidated financial statements.

Note 3. Summary of Significant Accounting Policies (Continued)

In February 2016, FASB issued ASU 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the consolidated statement of activities, as well as the effect on the consolidated statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In June 2020, the FASB issued ASU 2020-05, which defers the effective of ASU 2016-02, making it effective for annual reporting periods beginning after December 15, 2021. HRW is evaluating the impact of this ASU on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. This update represents a significant change in the allowance for credit losses accounting model by requiring immediate recognition of management's estimates of current expected credit losses. Under the prior model, losses were recognized only as they were incurred, which the FASB has noted delayed recognition of expected losses that might not yet have met the threshold of being probable. The Update is effective for fiscal years beginning after December 15, 2022. HRW is evaluating the impact of this ASU on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The ASU modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in the Concepts Statement, Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements (Concepts Statement), including the consideration of costs and benefits. The Concepts Statement was finalized by the FASB on August 28, 2018. The ASU is effective for all entities for fiscal years beginning after December 15, 2019. Early adoption is permitted. HRW is evaluating the impact of this ASU on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Update clarifies the presentation and disclosure of contributed nonfinancial assets, including fixed assets and other items. The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The Update is effective for fiscal years beginning June 15, 2021. HRW is evaluating the impact of this ASU on the consolidated financial statements.

Note 4. Liquidity and Availability of Resources

The following represents HRW's available financial assets as of June 30 to meet general expenditures over the next 12 months:

2020	2019
\$ 44,668,603	\$ 43,624,583
144,849,654	150,902,909
15,929,749	24,527,887
205,448,006	219,055,379
	_
(127,779,437)	(128,521,371)
(13,582,869)	(9,562,329)
(3,201,768)	(5,912,345)
(144,564,074)	(143,996,045)
\$ 60,883,932	\$ 75,059,334
	\$ 44,668,603 144,849,654 15,929,749 205,448,006 (127,779,437) (13,582,869) (3,201,768) (144,564,074)

HRW considers its unrestricted cash and investment balance, 5% of the Fund (see Note 10), contributions receivable that are expected to be collected within 12 months, and contributions restricted by donors that are expected to be spent within 12 months to be available for general operations.

HRW regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investments of its investment portfolio not required for annual operations.

Note 5. Investments

HRW's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820, Fair Value Measurement. See Note 2 for the discussion of HRW's policies regarding this hierarchy. A description of the valuation techniques applied to HRW's major categories of assets measured at fair value are as follows. There have been no changes in valuation methodology in the years ended June 30, 2020 and 2019.

HRW's holdings in equity securities are determined by quoted market prices. Each of these investments can be liquidated daily. The valuation is based on Level 1 inputs within the hierarchy used in measuring fair value.

HRW also has investments in fixed income securities, which include corporate bonds. The investment managers priced these investments using nationally recognized pricing services. Since fixed income securities may not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using its proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of similar securities, sector grouping and matrix pricing. These investments are classified as Level 2.

Mutual funds are valued on a daily basis at the close of business day. Each mutual fund's net assets value (NAV) is the value of a single share which is actively traded on national securities exchanges. These investments are classified as Level 1.

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

Alternative investments are those made in limited partnerships, offshore limited liability companies and pooled investment companies, all of which are qualified to use NAV of the interest owned by HRW at yearend as a practical expedient. Given the absence of market quotations, their value is estimated using information provided to HRW by the investment advisor. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds.

Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. The investments may indirectly expose HRW to the effects of securities lending, short sales of securities, and trading in futures and forward contracts, options, swap contracts and other derivative products. While these financial instruments entail varying degrees of risk, HRW's exposure with respect to each such investment is limited to its carrying amount in each investment plus HRW's commitment to provide additional funding as described in the following paragraph. The financial statements of the investees are audited annually by independent auditors. HRW does not directly invest in the underlying securities of the investment funds and due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions. The alternative investments are measured at fair value using the NAV (or its equivalent) as practical expedient. Certain alternative investments, which include limited partnership investments, have rolling lockups ranging from one to five years. In addition, the NAV of alternative investments do not include future funding commitments of approximately \$36,547,000 as of June 30, 2020, to be paid by HRW if called upon.

The following table presents the level within the fair value hierarchy at which HRW's financial assets are measured on a recurring basis at June 30:

	2020										
	C	Quoted Prices		Significant							
		in Active		Other	S	Significant					
		Markets for		Observable	Un	observable					
	ld	entical Assets		Inputs		Inputs					
		(Level 1)		(Level 2)		(Level 3)		Total			
Corporate bonds:								_			
Financial	\$	-	\$	12,896,417	\$	-	\$	12,896,417			
Equity securities:											
Financial		708,824		-		-		708,824			
Mutual funds:											
Diversified		4,921,086		-		-		4,921,086			
Blended		29,852,825		-		-		29,852,825			
Total investment assets in											
the fair value hierarchy		35,482,735		12,896,417		-	_	48,379,152			
Alternative investments at NAV*								96,470,502			
Total investments	\$	35,482,735	\$	12,896,417	\$	-	\$	144,849,654			

Note 5. Investments (Continued)

	2019										
		Ouoted Prices in Active Markets for entical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Uno	gnificant bservable Inputs .evel 3)		Total			
Corporate bonds:											
Financial	\$	-	\$	13,630,818	\$	-	\$	13,630,818			
Equity securities:											
Industrial		1,178,135		-		-		1,178,135			
Consumer discretionary		3,553,936		-		-		3,553,936			
Financial		3,071,158		-		-		3,071,158			
Mutual funds:											
Diversified		7,257,641		-		-		7,257,641			
Index		6,477,811		-		-		6,477,811			
Blended		19,985,507		-		-		19,985,507			
Total investment assets in the fair value hierarchy		41,524,188		13,630,818		-		55,155,006			
Alternative investments at NAV*							_	95,747,903			
Total investments	\$	41,524,188	\$	13,630,818	\$	-	\$	150,902,909			

^{*} Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

The following tables listed investments in investment companies by major category valued at NAV at June 30:

		2	020			
Investment	Fair Va			Unfunded Commitments	Redemption Frequency	Redemption Notice Period
					, ,	
Emerging markets equity (a)	\$	4,872,684	\$	-	Quarterly	45 days
Foreign development equity (b)		2,079,709		-	Monthly	60 days
Independent return (c)		46,685,721		11,940,210	Monthly, Quarterly, Illiquid	45 - 90 days
Private equity ^(d)		20,838,435		17,048,626	Illiquid	N/A
Natural resources (e)		1,195,744		488,518	Bi-Monthly, Illiquid	N/A
Real estate (f)		20,798,209		7,069,207	Quarterly, Illiquid	45 days
	\$	96,470,502	\$	36,546,561		-

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

	2	019			
			Unfunded	Redemption	Redemption
Investment	Fair Value	(Commitments	Frequency	Notice Period
4.					
Emerging markets equity ^(a)	\$ 5,266,136	\$	-	Quarterly	45 days
Foreign development equity (b)	2,865,824		-	Monthly	60 days
Independent return (c)	43,324,369		10,825,966	Monthly, Quarterly, Illiquid	45 - 90 days
Private equity ^(d)	13,140,838		18,501,128	Illiquid	N/A
Natural resources (e)	6,968,359		508,134	Bi-Monthly, Illiquid	N/A
Real estate ^(f)	 24,182,377		7,179,579	Quarterly, Illiquid	45 days
	\$ 95,747,903	\$	37,014,807	_	

- (a) This category includes investments in equities within emerging markets.
- (b) This category consists of a set of investment vehicles in equities related to foreign countries development.
- (c) This category consists of a set of investment vehicles that seek high absolute returns that are typically independent of broad market trends.
- (d) This category encompasses investments in private companies, ranging from startup-stage to mature buyouts.
- (e) This category includes investments in the Natural Resources industry.
- (f) This class includes investments in the Real Estate industry.

Note 6. Contributions Receivable, Net

At June 30, 2020 and 2019, the net present value of contributions receivable is \$15,929,749 and \$24,527,887, respectively. Net present value was calculated using discount rates commensurate with the risk involved. The discount rates used in this calculation ranged from 0.16% to 1.41%. There was no reserve recorded for doubtful accounts for the years ended June 30, 2020 and 2019.

Net present value of contributions receivable at June 30 is summarized below:

	2020	2019
Total contributions receivable Net present value discount	\$ 15,937,226 (7,477)	\$ 24,710,959 (183,072)
Net present value of contributions receivable	\$ 15,929,749	\$ 24,527,887
Amount due in:	Ф 40 F0C 204	Ф 44.005 FEQ
Less than one year	\$ 10,596,294	\$ 14,965,558
One to five years	5,340,932	9,745,401
Total	\$ 15,937,226	\$ 24,710,959

Notes to Consolidated Financial Statements

Note 6. Contributions Receivable, Net (Continued)

Unconditional contributions receivable and contribution revenue include amounts from various board members.

As of June 30, 2020 and 2019, HRW has outstanding unrecorded conditional contributions receivable of approximately \$500,000. Revenue for these conditional grants and contracts will be recognized in future periods when the related barriers are overcome when the conditions have been substantially met.

Note 7. Fixed Assets, Net

Fixed assets, net as of June 30, consist of the following:

	2020	2019	
Leasehold improvements Furniture and fixtures	\$ 9,370,503 1,668,281	\$ 9,043,333 861,113	
Office equipment Computer hardware and software	1,060,983 4,907,188	1,323,572 9,287,672	
Construction-in-progress	47,525 17,054,480	1,858,468 22,374,158	
Less accumulated depreciation and amortization	(8,675,011) \$ 8,379,469	(15,095,379) \$ 7,278,779	

Depreciation and amortization expenses for the years ended June 30, 2020 and 2019, were \$2,668,317 and \$1,062,520, respectively.

Note 8. Split-Interest Agreements

Split-interest agreements consist of charitable gift annuities received from donors where HRW has an interest in the assets and receives benefits that are shared with other beneficiaries. Assets are invested and payments are made to donors or other beneficiaries in accordance with the respective agreements.

Contribution revenues are recognized at the date the agreements are established. The present value of the estimated future payments to beneficiaries under these agreements is recorded as obligations under split-interest agreements included in accounts payable, accrued expenses and other liabilities in the consolidated statement of financial position. The obligation balance as of June 30, 2020 and 2019, was \$371,227 and \$288,407, respectively. Obligations under split-interest agreements are considered Level 3 in the fair value measurement hierarchy (Note 3).

The table below presents a reconciliation of obligations under split-interest agreements at June 30:

		2020		2019
Balance at June 30	\$	288.407	\$	_
New agreements	•	94,866	•	109,880
Payments on annuities		(29,743)		(23,208)
Change in value		17,697		201,735
Balance at June 30	\$	371,227	\$	288,407

Notes to Consolidated Financial Statements

Note 8. Split-Interest Agreements (Continued)

Assets received by HRW for gift annuities are managed by PNC Bank, N.A., in a conservative and disciplined manner. If HRW should ever fail financially, individuals entitled to receive annuities would qualify as general creditors of HRW. As of June 30, 2020 and 2019, the investment balance associated with split-interest agreements was \$708,824 and \$626,629, respectively, and included in investments in the consolidated statement of financial position.

Note 9. Net Assets with Donor Restrictions and Net Assets Released From Restrictions

Net assets with donor restrictions were available for the following purposes at June 30:

	2020	2019
Donor-imposed time restrictions	\$ 33.404.000	\$ 46,116,279
Donor-imposed time restrictions Donor-imposed restrictions to support HRW programs	14,664,493	17,614,402
The Endowment Fund (see Note 10)	134,504,671	135,285,654
	\$182,573,164	\$199,016,335

Net assets with donor restrictions that were released from donor restrictions at June 30, 2020 and 2019, are as follows:

	2020	2019
Donor-imposed time restrictions Donor-imposed restrictions to support HRW programs	\$ 16,474,262 47,423,235	\$ 32,088,573 29,239,304
Donor-imposed time and purpose restrictions	\$ 63,897,497	\$ 61,327,877

Note 10. Endowment Fund

As discussed in Note 3, the Fund related to assets received as part of the 1998 Endowment Campaign have been reported as net assets with donor restrictions. This Fund has been established under a formal arrangement whereby HRW can spend no more than 5% of the Fund value, as defined, each year for operations. Though the corpus of the gifts made to the Fund is not permanently restricted and thus not subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA), HRW invests these assets in a manner similar to what would have been required by NYPMIFA.

HRW has adopted investment and spending policies for the Fund assets that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the Fund assets. The Fund assets are invested in vehicles such as government and equity securities, as well as alternative investments.

HRW considers the following factors in making a determination to appropriate or accumulate the Fund:

- the duration and preservation of the funds;
- the purposes of HRW and the donor-restricted funds;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation/depreciation of investments;
- other resources of HRW; and
- the investment policy of HRW.

Notes to Consolidated Financial Statements

Note 11. Functional Allocation of Expenses

The cost of providing services to the various programs and other activities has been summarized on an individual basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on specific identification or allocation rates established by management. Executive director office related salary expenses are allocated among programs and supporting services based on employees' time and effort. The following expenses are allocated consistently based on staff headcount:

- · Fringe benefits and other employee costs
- Occupancy costs
- Depreciation

All other expenses are charged directly to either program or supporting function.

Note 12. Retirement Plan

HRW has a defined contribution plan (the Plan) under Section 403(b) of the IRC. Participating employees make pretax contributions of up to the maximum allowable IRS limitations. All full time U.S. employees are eligible to participate in the Plan as of their date of hire. Upon participation in the Plan, employees are 100% vested in their contributions. HRW also makes a discretionary contribution based upon a percentage of an employee's salary, which become 100% vested upon contribution. HRW's contribution for the years ended June 30, 2020 and 2019, was \$ 2,228,468 and \$2,582,147, respectively.

Note 13. Commitments and Contingencies

Operating leases: Pursuant to facility and equipment lease agreements in the U.S. and various countries, HRW is obligated for minimum annual rentals to nonrelated parties, as indicated below. Minimum future annual rental payments under the lease agreements expiring through 2026 are as follows:

Years ending June 30:		
2021	\$ 5,896,618	
2022	4,936,198	
2023	4,803,342	
2024	4,651,429	
2025	4,577,554	
Thereafter	10,391,810	
	\$ 35,256,951	

HRW leases office space in various countries on a month-to-month basis. Rent expense for the years ended June 30, 2020 and 2019, amounted to approximately \$6,780,000 and \$6,626,000, respectively.

Litigation: Various lawsuits against HRW may arise in the ordinary course of business. Contingent liabilities arising from such litigation and other matters are not expected to be material in relation to the consolidated financial position of HRW.

Notes to Consolidated Financial Statements

Note 14. Other Programs

Other programs as presented in the accompanying consolidated statements of activities and functional expenses consist of the following for the years ended June 30:

	2020			2019
Outrooch / Dublic Engagement	φ	6 966 460	φ	4 760 E7E
Outreach / Public Engagement	\$	6,866,160	\$	4,769,575
International Justice		1,965,165		2,515,736
Crisis and Conflict / Emergency Response / Terrorism		1,868,306		1,726,238
Refugee		663,993		482,253
Business and Human Rights		1,908,895		1,526,894
Film Festival		1,249,782		1,239,116
Arms		1,305,514		1,205,808
Environment		1,274,902		940,063
Digital Investigations Lab		1,035,042		-
Fellows		874,681		558,660
Jammeh		296,683		256,106
Total	\$	19,309,123	\$	15,220,449

Note 15. Subsequent Events

HRW's management has performed subsequent events procedures through December 7, 2020, which is the date the consolidated financial statements were available for issuance.