

# Physicians for Human Rights, Inc.

Financial Statements  
Year Ended June 30, 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **Physicians for Human Rights, Inc.**

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Financial Statements  
Year Ended June 30, 2024

# Physicians for Human Rights, Inc.

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## Independent Auditor's Report

The Board of Directors  
Physicians for Human Rights, Inc.  
New York, New York

### *Opinion*

We have audited the financial statements of Physicians for Human Rights, Inc. (PHR), which comprise the statement of financial position as of June 30, 2024, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PHR as 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 (GAAS). 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 PHR 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 opinion.

### *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 PHR's 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 GAAS 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 GAAS, 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 PHR's 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 PHR's 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 financial statements of PHR as of and for the year ended June 30, 2023, and our report dated March 27, 2024, expressed an unmodified opinion on those audited financial statements. 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.

*BDO USA, P.C.*

March 24, 2025

# Physicians for Human Rights, Inc.

## Statement of Financial Position (with comparative totals for 2023)

<i>June 30,</i>	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 632,960	\$ 1,732,953
Investments, at fair value (Notes 2 and 4)	3,222,484	5,052,679
Grants and contributions receivable, net (Notes 2 and 5)	1,597,995	3,064,658
Prepaid expenses and other assets (Note 2)	46,368	49,161
<b>Total Current Assets</b>	<b>5,499,807</b>	<b>9,899,451</b>
457 Plan Assets Held for Others (Notes 2 and 9)	-	202,271
Grant and Contribution Receivable, net of current portion and discount (Notes 2 and 5)	-	12,122
Fixed Assets, Net (Notes 2 and 6)	3,219	16,584
Operating Lease Right-of-Use Assets (Notes 2 and 10)	1,474,318	-
Security Deposits (Note 2)	44,216	146,965
<b>Total Assets</b>	<b>\$ 7,021,560</b>	<b>\$ 10,277,393</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 280,494	\$ 313,534
Accrued expenses	529,560	555,123
Operating lease payable, current portion (Notes 2 and 10)	100,729	-
<b>Total Current Liabilities</b>	<b>910,783</b>	<b>868,657</b>
Deferred Compensation Payable (Note 9)	-	202,271
Other Liabilities	-	38,133
Operating Lease Payable, net of current portion (Notes 2 and 10)	1,411,165	-
<b>Total Liabilities</b>	<b>2,321,948</b>	<b>1,109,061</b>
<b>Commitments and Contingencies</b> (Notes 2, 3, 7, 9, 10, and 11)		
<b>Net Assets</b> (Notes 2 and 7)		
Without donor restrictions	3,216,381	6,243,086
With donor restrictions	1,483,231	2,925,246
<b>Total Net Assets</b>	<b>4,699,612</b>	<b>9,168,332</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,021,560</b>	<b>\$ 10,277,393</b>

*See accompanying notes to financial statements.*

# Physicians for Human Rights, Inc.

## Statement of Activities (with comparative totals for 2023)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
<b>Support and Revenue from Operations</b>				
Grants	\$ 940,788	\$ 489,442	\$ 1,430,230	\$ 4,269,329
Individual contributions	1,847,414	-	1,847,414	1,564,431
Contributed nonfinancial assets (Notes 2 and 8)	864,862	-	864,862	571,887
Investment income, net (Note 2)	407,444	-	407,444	745,974
Other revenue	61,399	-	61,399	143
Net assets released from restrictions (Note 7)	1,931,457	(1,931,457)	-	-
<b>Total Support and Revenue from Operations</b>	<b>6,053,364</b>	<b>(1,442,015)</b>	<b>4,611,349</b>	<b>7,151,764</b>
<b>Operating Expenses</b>				
Program services	6,063,449	-	6,063,449	6,838,360
Fundraising	1,376,931	-	1,376,931	1,199,275
Management and general	1,640,272	-	1,640,272	1,524,168
<b>Total Operating Expenses</b>	<b>9,080,652</b>	<b>-</b>	<b>9,080,652</b>	<b>9,561,803</b>
<b>Non-Operating Revenue (Expenses)</b>				
Foreign exchange gain (loss)	585	-	585	(2,855)
<b>Change in Net Assets</b>	<b>(3,026,705)</b>	<b>(1,442,015)</b>	<b>(4,468,720)</b>	<b>(2,412,894)</b>
<b>Net Assets, beginning of year</b>	<b>6,243,086</b>	<b>2,925,246</b>	<b>9,168,332</b>	<b>11,581,226</b>
<b>Net Assets, end of year</b>	<b>\$ 3,216,381</b>	<b>\$ 1,483,231</b>	<b>\$ 4,699,612</b>	<b>\$ 9,168,332</b>

See accompanying notes to financial statements.

# Physicians for Human Rights, Inc.

## Statement of Functional Expenses (with comparative totals for 2023)

Year ended June 30,

	Supporting Services			Total Expenses	
	Program Services	Fundraising	Management and General	2024	2023
<b>Operating Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 2,414,105	\$ 434,431	\$ 746,657	\$ 3,595,193	\$ 3,237,785
Payroll taxes and benefits	358,410	52,577	129,932	540,919	441,238
Retirement plan contribution	106,096	40,579	22,403	169,078	44,033
<b>Total Personnel Expenses</b>	<b>2,878,611</b>	<b>527,587</b>	<b>898,992</b>	<b>4,305,190</b>	<b>3,723,056</b>
<b>Occupancy Expenses</b>					
Rent	212,744	72,377	75,171	360,292	384,480
Utilities	27,514	8,852	4,887	41,253	62,657
<b>Total Occupancy Expenses</b>	<b>240,258</b>	<b>81,229</b>	<b>80,058</b>	<b>401,545</b>	<b>447,137</b>
<b>Other Expenses</b>					
Bank, payroll, and filing fees	80,999	34,674	12,253	127,926	70,489
Consultants and stipends	1,952,377	332,471	400,933	2,685,781	3,424,253
Professional fees	-	-	69,827	69,827	26,727
Equipment rental	1,967	752	415	3,134	19,713
Insurance	54,021	20,661	11,407	86,089	101,920
Internet/telephone expense	19,667	4,627	2,555	26,849	26,999
Meetings and conferences	51,747	198,677	2,806	253,230	51,036
Office supplies/software fees	70,447	23,884	13,727	108,058	60,287
Printing and duplication	9,254	1,504	2,083	12,841	30,621
Program supplies/training materials	53,255	10,946	22,817	87,018	83,976
Constituency building	56,412	103,004	-	159,416	92,884
Travel	254,738	5,173	62,712	322,623	468,551
Grants to affiliated organization (Note 11)	319,029	-	-	319,029	783,245
Miscellaneous	10,261	27,762	57,490	95,513	110,101
<b>Total Other Expenses</b>	<b>2,934,174</b>	<b>764,135</b>	<b>659,025</b>	<b>4,357,334</b>	<b>5,350,802</b>
<b>Depreciation</b>	<b>10,406</b>	<b>3,980</b>	<b>2,197</b>	<b>16,583</b>	<b>40,808</b>
<b>Total Expenses</b>	<b>\$ 6,063,449</b>	<b>\$ 1,376,931</b>	<b>\$ 1,640,272</b>	<b>\$ 9,080,652</b>	<b>\$ 9,561,803</b>

*See accompanying notes to financial statements.*

# Physicians for Human Rights, Inc.

## Statement of Cash Flows (with comparative totals for 2023)

Year ended June 30,	2024	2023
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (4,468,720)	\$ (2,412,894)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized loss on sale of investments	172,347	9,218
Unrealized gain on investments	(550,570)	(672,142)
Depreciation	16,583	40,808
Non-cash lease expense	55,929	-
Changes in assets and liabilities:		
Decrease (increase) in:		
Grants and contributions receivable	1,478,785	(1,279,256)
Prepaid expenses and other assets	2,793	156,649
Security deposits	102,749	10,686
Due from affiliate	-	691,396
Increase (decrease) in:		
Accounts payable and accrued expenses	(33,040)	88,177
Accrued expenses	(25,563)	(160,633)
Deferred compensation payable	(202,271)	27,129
Other liabilities	(38,133)	(29,308)
Principal reduction in operating lease liability	(18,353)	-
<b>Net Cash Used in Operating Activities</b>	<b>(3,507,464)</b>	<b>(3,530,170)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(3,195,033)	(110,200)
Proceeds from sales of investments	5,605,722	2,889,536
Purchase of fixed assets	(3,218)	-
<b>Net Cash Provided by Investing Activities</b>	<b>2,407,471</b>	<b>2,779,336</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,099,993)</b>	<b>(750,834)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,732,953</b>	<b>2,483,787</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 632,960</b>	<b>\$ 1,732,953</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Acquisition of right-of-use assets	\$ 1,530,891	\$ -
Cash paid for interest	32,749	1,173

*See accompanying notes to financial statements.*

# Physicians for Human Rights, Inc.

## Notes to Financial Statements

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### 1. Nature of Organization

Physicians for Human Rights, Inc. (PHR) is a not-for-profit 501(c)(3) organization that uses medicine and science to document and call attention to mass atrocities and severe human rights violations. PHR leverages the specialized skills and credible voices of health professionals to document human rights violations and seek justice for victims of these crimes. PHR's investigations and expertise are used to advocate for persecuted health workers, prevent torture, document mass atrocities, and hold those who violate human rights accountable. PHR's headquarters are located in New York, New York, with additional offices in Boston, Massachusetts; Washington, DC; Democratic Republic of the Congo (DRC); and Kenya.

#### *Program General*

PHR works globally and within the United States to investigate and document human rights violations, give voice to survivors and witnesses, and plant seeds of reconciliation by ensuring that perpetrators can be held accountable for their crimes.

#### *Research and Investigation*

PHR's Research and Investigations team mobilizes health professionals, forensic scientists, and other experts worldwide to investigate and expose allegations of human rights abuses, using the power of science and forensic medicine to meticulously document evidence of sexual violence, torture, and other violations.

#### *Sexual and Gender-Based Violence*

PHR's Program on Sexual Violence in Conflict Zones forges critical partnerships that are dramatically increasing local capacity to forensically document and prosecute cases of sexual violence during and after armed conflict, with programs in Kenya, DRC, Iraq, and elsewhere. The program's centerpieces are multisectoral training and capacity building and innovative tools to enable clinicians to support justice for survivors, including MediCapt, a mobile application that guides health workers to securely document, store, and transfer evidence of sexual violence.

#### *Advocacy*

PHR's Advocacy team works to reform policies, practices, and laws that directly violate human rights standards or undermine human rights protections.

#### *Communications*

PHR's Communications team elevates the findings of PHR's work to influence public debate and policy, raise awareness about human rights abuses, and engage more health workers and other supporters in its work on behalf of human rights.

#### *Asylum*

For more than 30 years, volunteer health professionals in PHR's Asylum Network have supported survivors of torture and ill-treatment by conducting forensic medical evaluations that can document compelling evidence of physical and psychological trauma and improve the odds that they will be granted refuge in the United States.

# Physicians for Human Rights, Inc.

## Notes to Financial Statements

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### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

The financial statements have been prepared on an accrual basis of accounting and have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). In the statement of financial position, assets are presented in order of liquidity or conversion to cash. Liabilities are presented in order of their maturity resulting in the use of cash.

#### *Financial Statement Presentation*

The classification of a not-for-profit organization'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 the classes of net assets—with donor restrictions and without 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.

These classes are defined as follows:

*With Donor Restrictions* - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. PHR reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

See Note 7 for more information on the composition of net assets with donor restrictions and the releases from restrictions.

*Without Donor Restrictions* - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

#### *Cash and Cash Equivalents*

PHR considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents. At various times during the year, PHR may have cash deposits at financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

PHR has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash accounts.

#### *Fair Value Measurements*

GAAP defines fair value, establishes a framework for measuring fair value, and expands the disclosures about fair value measurements. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market

# Physicians for Human Rights, Inc.

## Notes to Financial Statements

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participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. GAAP established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and its placement within the fair value hierarchy. PHR classifies fair value balances based on the fair value hierarchy defined by U.S. GAAP as follows:

*Level 1* - Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.

*Level 2* - Valuations are based on (i) quoted prices—those investments, or similar investments, in active markets; (ii) quoted prices—those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments or similar investments that are redeemable at or near the statement of financial position date and for which a model was derived for valuation.

*Level 3* - Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments; (ii) the investments cannot be independently valued; or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investment income is recognized when earned, and consists of interest, dividends, and realized and unrealized gains and losses. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

### ***Investment Impairment***

PHR considered the following evidence in reaching the conclusion that the unrealized loss on fixed-income instruments was not other than temporary:

- Whether or not it intended to sell its investments before the full recovery of cost basis.
- Whether or not it will be required to sell its investments before the full recovery of cost basis.

As of June 30, 2024, there have been no impairments.

### ***Investment Risk***

PHR'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

# Physicians for Human Rights, Inc.

## Notes to Financial Statements

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risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of PHR's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

### ***Grants and Contributions Receivable, Net***

PHR evaluates the discount on the grants and contributions receivable balance annually. Grants and contributions are grouped based on the due date of each individual grant and contribution payment, and the discount rate is determined by the risk-free rate at the time of evaluation.

### ***Provision for Bad Debts***

PHR provides allowances for grants and contributions receivable and amounts due from government agencies that are specifically identified by management as to their uncertainty in regard to collectability. At June 30, 2024, there was no allowance for doubtful accounts recorded.

### ***Revenue Recognition***

Revenue from government grants and contracts is recognized as earned—that is, as related costs are incurred under such agreements, services are rendered, or when applicable performance-based milestones are reached. Reimbursements are subject to audit and retroactive adjustments by the respective third-party fiscal intermediary. Revenue from retroactive adjustments is recognized in the year the adjustments are made.

Grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with grantor-imposed restrictions.

Contributions received, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as unrestricted income.

Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

A contribution, gift, or grant is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient's promises to give are not recognized until they become unconditional—that is, when the barriers in the agreement are overcome. As of June 30, 2024, there were no conditional grants.

Contributed nonfinancial assets are recorded at their fair values in the period received. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

# Physicians for Human Rights, Inc.

## Notes to Financial Statements

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### *Use of Estimates*

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

### *Fixed Assets - Net*

Fixed assets are recorded at cost or, if donated, at the estimated fair market value at the date of the donation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, as follows:

<u>Asset Category</u>	<u>Years</u>
Furniture and equipment	3-10
Leasehold improvements	Lesser of lease term or 10

Maintenance and repair costs are charged to expense as incurred and major renewals and betterments are capitalized. When fixed assets are retired or sold, the related carrying value and accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income.

The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes.

### *Impairment of Long-Lived Assets*

PHR reviews long-lived assets, including fixed 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. As of June 30, 2024, there have been no such losses.

### *Income Taxes*

PHR was incorporated in the state of Massachusetts and 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 financial statements. PHR 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. There was no unrelated business income for the year ended June 30, 2024.

Under ASC 740, *Accounting for Uncertainty in 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 that the position will be sustained upon examination by a taxing authority. The implementation of ASC 740 had no impact on PHR’s financial statements. PHR does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. PHR has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, PHR has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended June 30, 2024, there

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## Notes to Financial Statements

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were no interest or penalties recorded or included in the statement of activities. PHR is subject to routine audits by a taxing authority. As of June 30, 2024, PHR was not subject to any examination by a taxing authority.

### ***Functional Allocation of Expenses***

Costs associated with PHR's programs and administrative activities are summarized on a functional basis in the statement of functional expenses. Accordingly, certain indirect costs are allocated by management among the program and support services benefited, including salaries, rent, utilities, internet/telephone expense, insurance, and professional fees, based on the corresponding percentages of direct expenses for the year.

### ***Comparative Financial Information***

The financial statements include certain prior-year summarized comparative information. With respect to the statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with PHR's financial statements for the year ended June 30, 2023.

### ***Concentration of Credit Risk***

Financial instruments that potentially subject PHR to concentration of credit risk consist primarily of cash and cash equivalents. At various times, PHR has cash deposits at financial institutions that exceed the FDIC insurance limits. PHR has not experienced any losses on cash and cash equivalents.

### ***Leases (Topic 842)***

PHR adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The core principle of ASU 2016-02 is that a lessee should recognize the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use (ROU) asset representing the right to the underlying asset for the lease term. For leases with a term of 12 months or less, the lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. PHR's ROU assets are included in operating lease right-of-use assets and lease liabilities are included in operating lease payable in the statement of financial position as of June 30, 2024. Rent expense is being recognized on a straight-line basis over the life of the leases. See Note 10 for further discussion.

### ***Recently Adopted Accounting Pronouncement***

#### ***Financial Instruments - Credit Losses***

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses*. This ASU was issued to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by an entity. The ASU changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred-loss model to an expected-loss model. Entities will be required to estimate credit losses over the entire contractual term of an

# Physicians for Human Rights, Inc.

## Notes to Financial Statements

instrument. The ASU includes financial assets recorded at amortized-cost basis such as loan receivables, trade, and certain other receivables, as well as certain off-balance-sheet credit exposures such as loan commitments and financial guarantees. The ASU does not apply to financial assets measured at fair value, promises to give (pledges receivable), or loans and receivables between entities under common control. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The adoption of ASU 2016-13 had no material effect on the operations of PHR.

### 3. Liquidity and Availability of Resources

PHR's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

*June 30, 2024*

Cash and cash equivalents	\$	632,960
Investments, at fair value		3,222,484
Grants and contributions receivable, net		1,597,995
<b>Total Financial Assets Available</b>		<b>5,453,439</b>
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time		(1,483,231)
<b>Total Financial Assets Available to Management for General Expenditures Within One Year</b>	<b>\$</b>	<b>3,970,208</b>

#### *Liquidity Management*

As part of PHR's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, PHR invests cash in excess of daily requirements in short-term investments, including mutual funds, all of which can be liquidated within 12 months, to help manage unanticipated liquidity needs.

### 4. Investments, at Fair Value

The following table sets forth by level, within the fair value hierarchy, PHR's investments at fair value:

*June 30, 2024*

	Level 1	Level 2	Level 3	Fair Value
Mutual funds	\$ 3,222,484	\$ -	\$ -	\$ 3,222,484

Following is a description of the valuation methodology used for assets measured at fair value:

*Mutual Funds* - These assets are valued at the net asset value of shares held by PHR at year-end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while PHR believes its valuation method is appropriate and consistent with other market participants, the use of different

# Physicians for Human Rights, Inc.

## Notes to Financial Statements

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methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### 5. Grants and Contributions Receivable, Net

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Grants and contributions receivable, net, consisted of receivables due in less than one year of \$1,597,995.

Subsequent to year-end, approximately \$850,000 of these receivables was collected.

### 6. Fixed Assets, Net

Fixed assets consist of the following:

*June 30, 2024*

Furniture and equipment	\$	278,639
Leasehold improvements		125,676
		404,315
Less: accumulated depreciation		(401,096)
<b>Total Fixed Assets</b>	<b>\$</b>	<b>3,219</b>

For the year ended June 30, 2024, depreciation expense was \$16,583.

### 7. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

*June 30, 2024*

Sexual Violence in Conflict Zones	\$	461,715
Peace and Stabilization Operations Program		1,021,516
	<b>\$</b>	<b>1,483,231</b>

Net assets released from donor restrictions consist of the following:

*Year ended June 30, 2024*

Advocacy	\$	28,970
Sexual Violence in Conflict Zones		1,221,230
Peace and Stabilization Operations Program		681,257
	<b>\$</b>	<b>1,931,457</b>

# Physicians for Human Rights, Inc.

## Notes to Financial Statements

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### 8. Contributed Nonfinancial Assets

PHR receives contributions of medical and scientific consultations, research, and representation legal services that qualify for financial statement recognition. The fair value of contributed items totaled \$864,862 for the year ended June 30, 2024, which is included in contributed nonfinancial assets on the statement of activities and in consultants and stipends on the statement of functional expenses.

The following summarizes PHR's contributed nonfinancial assets for the year ended June 30, 2024:

	Revenue Recognized	Donor Restrictions	Valuation Techniques and Inputs
Physicians' services	\$ 671,429	No associated donor restrictions.	Values are based on prevailing rates of professional time.
Legal services	193,433	No associated donor restrictions.	Values are based on prevailing rates of professional time.
	\$ 864,862		

### 9. Employee Benefit Plans

PHR sponsors a defined contribution plan for all employees meeting certain eligibility requirements, which qualifies as a 403(b) plan under the IRC. PHR made contributions of \$169,077 during the year ended June 30, 2024.

PHR had a 457(b) eligible deferred compensation plan for a certain officer of PHR. Prior to the dissolution of the plan, the accrued benefits were fully paid out to the officer. At June 30, 2024, the 457(b) plan was dissolved.

### 10. Commitments and Contingencies

#### *Operating Leases*

PHR adopted the provisions of ASU 2016-02, *Leases (Topic 842)*, effective July 1, 2022. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and the criteria included in ASC 842, *Leases*. PHR leases its main offices in New York, New York under a noncancelable lease through March 2034.

For leases with initial terms of greater than one year (or initially, greater than one year remaining under the lease at the date of the adoption of ASC 842), PHR records the related ROU assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless PHR is reasonably certain to exercise the option to extend the lease. The present value of the lease payments is calculated by using the risk-free rate based on the information available at the date of adoption. PHR has made an accounting policy election not to separate lease components from non-lease components when determining its lease payments for all of its asset classes, as permitted by ASC 842. As such, PHR accounts for the applicable non-lease components together with the related lease components when determining the ROU assets and liabilities. PHR has made an accounting policy election not to record leases with an initial term of less than one year as ROU assets and

# Physicians for Human Rights, Inc.

## Notes to Financial Statements

liabilities in the statement of financial position. PHR has elected the package of practical expedients, which includes not reassessing whether any expired or existing contracts contain leases, not reassessing the lease classification for any expired or existing leases, and an entity not reassessing initial direct costs for any leases.

The following tables summarize information related to the lease assets and liabilities:

### *Year ended June 30, 2024*

#### Lease costs:

Operating lease cost	\$	55,929
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### *June 30, 2024*

#### ROU assets and liabilities:

Operating lease ROU assets, net	\$	1,474,318
Operating lease liabilities		1,511,894

### *Year ended June 30, 2024*

#### Other information:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	18,353
Weighted-average remaining lease term - operating leases		9.71 years
Weighted-average discount rate - operating leases		3.79%

The following table reconciles the undiscounted operating lease payments to the lease liability recorded on the accompanying statement of financial position at June 30, 2024:

### *Year ending June 30,*

2025	\$	157,851
2026		184,009
2027		187,689
2028		191,443
2029		221,853
Thereafter		894,927
		1,837,772
Less: interest		(325,878)
		1,511,894
Less: current portion		(100,729)
<b>Total</b>	<b>\$</b>	<b>1,411,165</b>

Additionally, PHR leases various office space under a tenant-at-will arrangement. Aggregate rent expense was \$360,292 for the year ended June 30, 2024.

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## Notes to Financial Statements

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### 11. Related Party Transactions

PHR recorded amounts due from and due to an affiliate, Physicians for Human Rights, Inc. - Kenya (PHR Kenya). PHR Kenya was registered in Kenya under the Non-Governmental Organizations Coordination Act on June 21, 2007. PHR Kenya is a separate legal entity and has a separate Board of Directors. PHR and PHR Kenya share common Board members, however, do not meet the criteria for consolidation under ASC 958-810. At June 30, 2024, there are no amounts due from/to PHR Kenya, based on management's reassessment. PHR provides grants to PHR Kenya to fund program activities on a non-reimbursement basis. For the year ended June 30, 2024, grant expense to PHR Kenya amounted to \$319,029.

### 12. Subsequent Events

Management has performed subsequent events procedures through March 24, 2025, which is the date that the financial statements were available to be issued. There were no subsequent events identified that would require an adjustment to the financial statements or disclosure as a result of these procedures.