

Human Rights Watch, Inc.

Financial Statements
Year Ended June 30, 2014

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Human Rights Watch, Inc.

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Independent Auditor's Report

Board of Directors
Human Rights Watch, Inc.
New York, New York

We have audited the accompanying financial statements of Human Rights Watch, Inc., which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Human Rights Watch, Inc. as of June 30, 2014 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 Human Rights Watch, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

October 22, 2014

Human Rights Watch, Inc.

Statement of Financial Position as of June 30, 2014 (with comparative totals for 2013)

	2014	2013
Assets		
Cash and cash equivalents (Note 2)	\$ 36,010,846	\$ 38,808,215
Investments, at fair value (Notes 2 and 3)	98,447,671	85,677,646
Investments in limited partnerships (Notes 3 and 4)	16,699,387	15,725,396
Contributions receivable, net of allowance of \$200,000 and \$240,875 in 2014 and 2013, respectively (Note 5)	87,670,337	83,917,731
Other receivables	701,390	159,081
Prepaid expenses and other assets	852,778	730,359
Security deposits	250,880	243,128
Fixed assets, net (Note 7)	5,790,206	2,758,605
	\$246,423,495	\$228,020,161
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,929,437	\$ 4,153,959
Accrued pension expense	561,303	141,619
Deferred rent	328,647	556,527
Deferred revenue	-	21,480
Total Liabilities	4,819,387	4,873,585
Commitments and Contingencies (Notes 11 and 13)		
Net Assets:		
Unrestricted (Note 2)	21,204,102	20,579,514
Temporarily restricted (Notes 2, 8 and 9)	220,400,006	202,567,062
Total Net Assets	241,604,108	223,146,576
	\$246,423,495	\$228,020,161

See accompanying notes to financial statements.

Human Rights Watch, Inc.

Statement of Activities Year Ended June 30, 2014 (with comparative totals for 2013)

	Unrestricted	Temporarily Restricted	Total	
			2014	2013
Public Support and Revenue:				
Public support:				
Contributions and grants (Note 6)	\$ 18,930,635	\$ 37,105,325	\$ 56,035,960	\$ 41,395,973
Special events	15,360,029	-	15,360,029	13,869,341
Total Public Support	34,290,664	37,105,325	71,395,989	55,265,314
Revenue:				
Net investment income	568,901	13,556,847	14,125,748	8,355,403
Net investment income from limited partnerships	-	1,925,248	1,925,248	256,613
Publications	33,093	-	33,093	40,522
Other	151,359	-	151,359	750,636
Total Revenue	753,353	15,482,095	16,235,448	9,403,174
Net assets released from restrictions (Note 8)	34,754,476	(34,754,476)	-	-
Total Public Support and Revenue	69,798,493	17,832,944	87,631,437	64,668,488
Expenses:				
Program services:				
Africa	6,263,768	-	6,263,768	6,701,049
Americas	2,435,010	-	2,435,010	2,082,806
Asia	5,850,874	-	5,850,874	5,673,630
Europe and Central Asia	4,693,161	-	4,693,161	4,378,452
Middle East and North Africa	4,307,705	-	4,307,705	4,036,220
United States	3,215,729	-	3,215,729	3,091,029
Children's Rights	2,427,423	-	2,427,423	2,060,254
Health and Human Rights	1,416,540	-	1,416,540	2,241,712
International Justice	1,686,769	-	1,686,769	1,721,901
Women's Rights	2,831,859	-	2,831,859	2,609,151
Other programs (Note 12)	17,103,274	-	17,103,274	15,078,129
Total Program Services	52,232,112	-	52,232,112	49,674,333
Supporting services:				
Management and general	4,291,944	-	4,291,944	4,187,580
Fundraising	12,649,849	-	12,649,849	11,481,137
Total Supporting Services	16,941,793	-	16,941,793	15,668,717
Total Expenses	69,173,905	-	69,173,905	65,343,050
Change in Net Assets:				
Unrestricted	624,588	-	624,588	1,874,459
Temporarily restricted (Notes 8 and 9)	-	17,832,944	17,832,944	(2,549,021)
Total Change in Net Assets	624,588	17,832,944	18,457,532	(674,562)
Net Assets, Beginning of Year	20,579,514	202,567,062	223,146,576	223,821,138
Net Assets, End of Year	\$21,204,102	\$220,400,006	\$241,604,108	\$223,146,576

See accompanying notes to financial statements.

Human Rights Watch, Inc.

Statement of Functional Expenses Year Ended June 30, 2014 (with comparative totals for 2013)

	Program Services											Supporting Services			2014	2013	
	Africa	Americas	Asia	Europe & Central Asia	Middle East & North Africa	United States	Children's Rights	Health & Human Rights	International Justice	Women's Rights	Other Programs	Total	Management and General	Fundraising			Total
Salaries and Related Expenses:																	
Salaries	\$2,993,624	\$1,327,050	\$3,175,015	\$2,462,557	\$2,276,274	\$1,740,505	\$1,297,784	\$ 734,399	\$ 927,244	\$1,523,951	\$ 8,239,775	\$26,698,178	\$1,665,753	\$4,411,541	\$ 6,077,294	\$32,775,472	\$30,421,352
Insurance and employee benefits	440,349	170,763	318,784	275,821	303,662	339,558	200,269	119,931	134,907	210,470	1,345,590	3,860,104	274,010	647,985	921,995	4,782,099	4,456,353
Retirement plans	232,967	91,605	239,845	213,059	148,018	121,600	115,271	70,895	87,540	120,511	630,669	2,071,980	140,348	348,896	489,244	2,561,224	2,245,079
Payroll taxes	290,736	86,408	166,870	230,990	162,087	144,006	113,951	60,020	114,721	118,304	833,008	2,321,101	162,030	466,839	628,869	2,949,970	2,913,565
Total Salaries and Related Expenses	3,957,676	1,675,826	3,900,514	3,182,427	2,890,041	2,345,669	1,727,275	985,245	1,264,412	1,973,236	11,049,042	34,951,363	2,242,141	5,875,261	8,117,402	43,068,765	40,036,349
Consultant's fees	62,375	8,394	122,142	24,002	52,178	6,227	9,926	1,148	1,572	2,799	190,523	481,286	9,266	67,389	76,655	557,941	895,460
Publications	181,730	43,915	113,811	100,059	182,356	41,976	36,776	26,218	22,239	45,908	744,336	1,539,324	54,807	22,516	77,323	1,616,647	1,669,656
Information services	18,656	6,370	20,846	13,812	10,708	16,555	12,403	3,738	4,497	8,410	49,915	165,910	26,045	22,617	48,662	214,572	231,543
Travel, meals and meetings	820,870	204,683	570,409	459,821	407,745	225,454	225,738	168,102	104,411	270,971	1,824,904	5,283,108	188,862	444,319	633,181	5,916,289	6,180,784
Outreach	-	-	-	-	-	-	-	-	-	-	10,224	10,224	-	-	-	10,224	275,526
Special projects	204,938	101,485	60,563	183,496	57,644	-	471	-	-	-	135,206	743,803	1,438	-	1,438	745,241	1,129,154
Special events	-	-	-	-	-	-	-	-	-	-	773,562	773,562	-	2,401,091	2,401,091	3,174,653	2,534,719
Direct mail	-	-	-	-	-	-	-	-	-	-	285,692	285,692	-	2,070,602	2,070,602	2,356,294	1,850,377
Occupancy	440,334	171,301	432,761	313,752	301,129	253,706	179,415	94,666	129,648	230,806	763,462	3,310,980	764,003	685,109	1,449,112	4,760,092	3,343,068
Office expenses	195,986	75,413	250,762	142,351	143,992	107,013	70,881	55,061	48,233	99,062	444,721	1,633,475	347,263	292,054	639,317	2,272,792	2,355,880
Postage and delivery	10,304	3,372	14,550	8,449	8,187	5,485	7,218	2,645	2,581	4,885	38,964	106,640	14,759	83,465	98,224	204,864	178,498
Telephone and fax	116,296	45,242	114,296	82,865	79,531	67,006	47,385	25,002	34,241	60,958	201,637	874,459	201,780	180,943	382,723	1,257,182	962,368
Professional fees	152,516	59,295	149,889	109,387	104,380	87,819	68,339	32,768	44,877	81,314	303,017	1,193,601	264,454	341,270	605,724	1,799,325	2,440,096
Total Expenses Before Depreciation and Amortization	6,161,681	2,395,296	5,750,543	4,620,421	4,237,891	3,156,910	2,385,827	1,394,593	1,656,711	2,778,349	16,815,205	51,353,427	4,114,818	12,486,636	16,601,454	67,954,881	64,083,478
Depreciation and Amortization	102,087	39,714	100,331	72,740	69,814	58,819	41,596	21,947	30,058	53,510	288,069	878,685	177,126	163,213	340,339	1,219,024	1,259,572
	\$6,263,768	\$2,435,010	\$5,850,874	\$4,693,161	\$4,307,705	\$3,215,729	\$2,427,423	\$1,416,540	\$1,686,769	\$2,831,859	\$17,103,274	\$52,232,112	\$4,291,944	\$12,649,849	\$16,941,793	\$69,173,905	\$65,343,050

See accompanying notes to financial statements.

Human Rights Watch, Inc.

Statement of Cash Flows Year Ended June 30, 2014 (with comparative totals for 2013)

	2014	2013
Cash Flows From Operating Activities:		
Change in net assets	\$ 18,457,532	\$ (674,562)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,219,024	1,259,572
Realized gain on investments	(4,812,908)	(5,256,411)
Unrealized gain on investments	(10,888,663)	(3,039,784)
Change in discount on contributions receivable	1,640,644	504,015
Decrease (increase) in assets:		
Contributions receivable	(5,393,250)	16,773,236
Other receivables	(542,309)	1,518,721
Prepaid expenses and other assets	(122,419)	(60,973)
Security deposits	(7,752)	(221)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(224,522)	(723,370)
Accrued pension expense	419,684	41,383
Deferred rent	(227,880)	(135,173)
Deferred revenue	(21,480)	-
Net Cash (Used In) Provided By Operating Activities	(504,299)	10,206,433
Cash Flows From Investing Activities:		
Net purchases of investments	(12,652,671)	(21,941,040)
Proceeds from sales of investments	14,610,226	19,011,570
Purchases of fixed assets	(4,250,625)	(1,440,171)
Net Cash Used In Investing Activities	(2,293,070)	(4,369,641)
Net (Decrease) Increase in Cash and Cash Equivalents	(2,797,369)	5,836,792
Cash and Cash Equivalents, Beginning of Year	38,808,215	32,971,423
Cash and Cash Equivalents, End of Year	\$ 36,010,846	\$ 38,808,215

See accompanying notes to financial statements.

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

1. Nature of Organization

Human Rights Watch, Inc. ("HRW") is a not-for-profit organization that works to stop human rights abuses. Currently, it monitors and promotes human rights in over 80 countries worldwide. Its program is 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, refugees, military affairs, international justice, the human rights responsibilities of corporations, gay and lesbian rights, health and human rights, disability rights and emergency response.

HRW obtains financial support from the public - primarily individuals and foundations, but also estates, trusts and businesses. It does not seek or accept financial support from any government or government-funded agency. Principal offices in 2014 were located in New York, Washington, London, Brussels, Berlin, Chicago, Los Angeles, San Francisco, Toronto, Moscow, Geneva, Paris, Johannesburg and Tokyo. New offices were opened in 2014 in Sydney and Sao Paulo.

2. Summary of Significant Accounting Policies

(a) General

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit organizations. In the 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.

(b) 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 three classes of net assets, permanently restricted, temporarily restricted and unrestricted, 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:

- (i) Permanently Restricted* - Net assets resulting from contributions and other inflows of assets whose use by HRW is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of HRW pursuant to those stipulations.
- (ii) Temporarily Restricted* - Net assets resulting from contributions and other inflows of assets whose use by HRW is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of HRW pursuant to those stipulations.
- (iii) Unrestricted* - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

(c) Cash and Cash Equivalents

HRW considers all money market funds and investments with maturities of three months or less at the time of purchase to be cash equivalents.

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

(d) Contributions Receivable and Allowances

HRW reports unconditional promises to give as contributions. If amounts are expected to be collected within one year, they are recorded at net realized value. If amounts are expected to be collected in future years, they are recorded at the net present value of their estimated future cash flows.

The net present values on these amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue.

HRW uses the allowance method for uncollectible unconditional promises 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.

(e) Contributed Services

For the year ended June 30, 2014, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. 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.

(f) Financial Instruments and Fair Value

Investments are stated at fair value. 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 can not 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.

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.

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

(g) 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 financial statements.

(h) Endowment Fund

The Endowment Fund represents the principal amount of gifts accepted with the stipulation of the donors or the Board of Directors that the principal be maintained intact until the occurrence of a specified event. The Endowment Fund has been established under a formal arrangement whereby HRW can spend no more than 5% of the Endowment Fund value, as defined, each year for operations. In the case of exceptional circumstances, as declared by a vote of two-thirds of the Board of Directors, HRW may spend more than the previously stated 5%. The net assets of the Endowment Fund relating to assets received as part of the 1998 Endowment Campaign have been designated as temporarily restricted. The Endowment Fund net asset value at June 30, 2014 was \$107,700,017.

(i) Investment Impairment

HRW's investments consist of corporate bonds, US government obligations, equity securities, mutual funds and limited partnerships. At June 30, 2014, HRW has deemed that all securities, which were in an unrealized loss position, were temporarily impaired. Positive evidence considered in reaching HRW's conclusion that the investments in an unrealized loss position are not other-than-temporarily impaired consisted of:

- (a) the ability and intent to retain the investment for a sufficient amount of time to allow an anticipated recovery in value, and
- (b) determining that changes in market value were reasonable in relation to overall fluctuations in market conditions.

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

- (a) whether or not it intended to sell its investments before the full recovery of cost basis, and
- (b) whether or not it will be required to sell its investments before the full recovery of cost basis.

(j) Fixed Assets

Fixed assets are recorded at cost when purchased. Depreciation is computed on an accelerated basis or on a straight-line basis over the estimated useful lives of the assets, as follows:

Furniture and fixtures	7 years
Office equipment	5 years
Computer hardware and software	5 years

Leasehold improvements are depreciated over the shorter of the term of the lease or their useful lives.

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

(k) 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 year ended June 30, 2014, there have been no such losses.

(l) Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on an individual basis in the 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.

(m) Revenue Recognition

The operations of HRW are financed principally by foundation grants and contributions received from the general public. Contributions are reported at fair value on the date they are received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(n) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

(o) Income Taxes

HRW is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for income taxes in the accompanying 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 Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2014.

(p) 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 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 year ended June 30, 2014, there was no interest or penalties recorded or included in the statements of activities. Tax returns for the years ended June 30, 2010 through 2013 are subject to audit by the IRS.

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

(q) Concentration of Credit Risk

Financial instruments which 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.

(r) Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with HRW's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

(s) Reclassifications

Certain prior year balances have been reclassified to be consistent with the current year financial statement presentation. These reclassifications had no impact on change in net assets or ending net assets.

3. Fair Value Measurements

HRW's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. 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 are no changes in valuation methodology as of June 30, 2014 and 2013.

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 and U.S. Treasury securities. The investment managers priced these investments using nationally recognized pricing services. Since fixed income securities other than U.S. Treasury 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. U.S. Treasury securities are classified as Level 1.

Mutual funds are valued on a daily basis at the close of business day. Each mutual fund's net asset value ("NAV") is the value of a single share which is actively traded on national securities exchanges. These investments are classified as Level 1 and 2.

Alternative investments are those made in limited partnerships, offshore limited liability companies and private equity, all of which are valued based on Level 3 inputs within the investment hierarchy used in measuring fair value. Given the absence of market quotations, their fair value is estimated using information provided to HRW by the investment managers or general partners and they are classified as Level 3.

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

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, 2014:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2014
Corporate bonds:				
Consumer staples	\$ -	\$ 1,372,700	\$ -	\$ 1,372,700
Financial	-	1,640,055	-	1,640,055
Telecommunications	-	407,138	-	407,138
Other	-	5,626	-	5,626
U.S. government obligations	-	2,642,562	-	2,642,562
U.S. treasury securities	2,048,944	-	-	2,048,944
Equity securities:				
Energy	3,608,043	-	-	3,608,043
Materials	1,430,031	-	-	1,430,031
Industrial	5,110,208	-	-	5,110,208
Consumer discretionary	3,155,816	-	-	3,155,816
Consumer staples	1,333,186	-	-	1,333,186
Health care	656,937	-	-	656,937
Financial	1,556,619	-	-	1,556,619
Information technology	2,053,259	-	-	2,053,259
Telecommunications	407,889	-	-	407,889
Other	50,085	-	-	50,085
Mutual funds:				
Diversified	-	9,357,132	-	9,357,132
Index	-	25,793,707	-	25,793,707
Commodities	5,061,693	-	-	5,061,693
U.S. government obligations	-	2,709,147	-	2,709,147
Alternative investments:				
Pooled investments and fund of funds	-	-	44,746,281	44,746,281
Total	\$26,472,710	\$43,928,067	\$44,746,281	\$115,147,058

There were no transfers between levels for the year ended June 30, 2014.

The following table sets forth changes in the assets measured at fair value using Level 3 inputs on a recurring basis for the year ended June 30, 2014:

Description	Balance at June 30, 2013	Capital Contribution	Sales	Realized Gain	Unrealized Gain (Loss)	Balance at June 30, 2014
Investment portfolio:						
Hedge funds and pooled investments	\$19,635,988	\$4,842,603	\$ -	\$ 725,268	\$2,843,035	\$28,046,894
Limited partnerships	15,725,396	833,613	(1,784,870)	357,094	1,568,154	16,699,387
	\$35,361,384	\$5,676,216	\$(1,784,870)	\$1,082,362	\$4,411,189	\$44,746,281

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

Cost and respective fair value of investments at June 30, 2014 are as follows:

June 30, 2014

	Cost	Fair Value
Corporate bonds	\$ 3,366,743	\$ 3,425,519
U.S government obligations	2,631,032	2,642,562
U.S. treasury securities	2,056,540	2,048,944
Equity securities	14,738,739	19,362,073
Mutual funds	35,955,875	42,921,679
Alternative investments	37,133,246	44,746,281
	<hr/>	<hr/>
	\$95,882,175	\$115,147,058

Net investment income consisted of the following:

June 30, 2014

Interest and dividend income	\$ 349,425
Net realized gains on investments	4,812,908
Net unrealized gains on investments	10,888,663
	<hr/>
	\$16,050,996

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

In accordance with ASU 2009-12, HRW expanded its disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share or its equivalent for which the fair value is not readily determinable, as of June 30, 2014. The following table for June 30, 2014, sets forth a summary of the HRW's investments with a reported net asset value:

Fair Value Estimated Using Net Asset Value per Share at June 30, 2014

Investments	Fair Value	Category	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Davidson Kempner Distressed Opportunities International (Cayman) Ltd.	\$2,699,573	Credit Opportunities, Distressed Securities ⁽¹⁾	\$ -	Annual	None	90
Anchorage Short Credit Offshore Fund, Ltd.	2,206,926	Credit Opportunities, Long/Short Credit ⁽¹⁾	-	Biennially	None	45
Taconic Opportunity Offshore Fund Ltd.	1,842,024	Event Driven ⁽²⁾	-	Annual	None	60
Fir Tree International Value Fund (USTE), L.P.	2,276,691	Open Mandate ⁽³⁾	-	Biennially	None	90
Mason Capital, Ltd.	1,972,840	Event Driven ⁽²⁾	-	Annual	None	45
Kensico Offshore Fund II, Ltd.	2,696,470	Global Long/Short Equity ⁽⁴⁾	-	Every three years	Three year Lock-up Period expiring 6/30/17	90
Swiftcurrent Offshore, Ltd.	2,001,731	Global Long/Short Equity ⁽⁴⁾	-	Annual	None	60
Valinor Capital Partners Offshore, Ltd. 1B shares	1,567,990	Global Long/Short Equity ⁽⁴⁾	-	Annual	None	60
Valinor Capital Partners Offshore, Ltd. 1C shares	1,594,370	Global Long/Short Equity ⁽⁴⁾	-	Annual	33.3% Maximum Annually	60
Valinor Capital Partners Offshore, Ltd. SP4 1B shares	8,412	Global Long/Short Equity ⁽⁴⁾	-	Annual	None	60
Valinor Capital Partners Offshore, Ltd. SP4 1C shares	8,429	Global Long/Short Equity ⁽⁴⁾	-	Annual	33.3% Maximum Annually	60
Valinor Capital Partners Offshore, Ltd. SP10 1B shares	29,259	Global Long/Short Equity ⁽⁴⁾	-	Annual	None	60
Valinor Capital Partners Offshore, Ltd. SP10 1C shares	29,570	Global Long/Short Equity ⁽⁴⁾	-	Annual	33.3% Maximum Annually	60

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

Fair Value Estimated Using Net Asset Value per Share at June 30, 2014

Investments	Fair Value	Category	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Valinor Capital Partners Offshore, Ltd. SP15 1B shares	\$ 42,824	Global Long/Short Equity ⁽⁴⁾	\$ -	Annual	None	60
Valinor Capital Partners Offshore, Ltd. SP15 1C shares	43,398	Global Long/Short Equity ⁽⁴⁾	-	Annual	33.3% Maximum Annually	60
Commonfund Capital Private Equity Partners V, L.P.	1,065,780	Private Equity ⁽⁵⁾	120,000	Daily	None	None
Commonfund Capital Private Equity Partners VI, L.P.	707,620	Private Equity ⁽⁵⁾	102,450	Daily	None	None
Endowment Venture Partners V, L.P.	438,589	Venture Capital ⁽⁶⁾	45,412	Daily	None	None
Commonfund Capital Venture Partners VI, L.P.	878,993	Venture Capital ⁽⁶⁾	52,440	Daily	None	None
Commonfund Capital Venture Partners VII, L.P.	934,241	Venture Capital ⁽⁶⁾	70,500	Daily	None	None
Legacy Venture V, LLC	1,831,796	Venture Capital ⁽⁶⁾	520,000	Daily	None	None
Mondrian International Fixed Income Fund LP	4,461,737	Fixed Income ⁽⁷⁾	-	Daily	None	None
Davidson Kempner Institutional Partners, L.P.	2,659,848	Event Driven ⁽²⁾	-	Quarterly	None	65
Westbrook Real Estate Fund VIII LP	653,671	Real Estate ⁽⁸⁾	95,759	Daily	None	None
Dorchester Capital Secondaries Offshore II LP	226,633	Private Equity ⁽⁵⁾	258,016	Daily	None	None
Dorchester Capital Secondaries Offshore III LP	563,788	Private Equity ⁽⁵⁾	1,443,723	Daily	None	None
First Eagle	5,945,301	Global Ex U.S. Equity ⁽⁴⁾	-	Daily	None	None
Lone Savin Ltd.	987,350	Global Long/Short Equity ⁽⁴⁾	-	Quarterly	None	30
Eaton Vance	4,370,427	Emerging Markets Equity ⁽⁹⁾	-	Daily	None	None

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Notes to Financial Statements as of June 30, 2014

- (1) This category includes investments in two hedge funds which are debt-focused special situations funds. These funds seek to earn superior risk-adjusted returns while emphasizing preservation of capital. The Funds plan to achieve this objective by employing both hedged and directional investment strategies primarily in the leveraged issuer, distressed debt and reorganized equity markets of North America and Europe.
- (2) This category includes one limited partnership and two hedge funds. The hedge funds were formed to effectuate the investment program of the Feeder Fund with the investment objective to seek maximum capital appreciation primarily by using a variety of investment techniques, including employing three event-driven investment strategies: merger arbitrage; distressed securities; and special situations. Hedge funds enter into transactions in various financial instruments with off-balance sheet risk. These financial instruments may include securities sold, not yet purchased, equity options, swap contracts, forward foreign currency contracts, portfolio funds, corporate debt, investments in private equity and sovereign government obligations. The limited partnership invests in public equity, fixed income, and hedging markets across the globe. It utilizes event-driven strategies including merger arbitrage, long/short, and convertible arbitrage to make its investments.
- (3) This category includes an investment in a hedge fund for the purpose of investing in securities such as loan originations and unleveraged real estate through its direct and indirect investments in master funds.
- (4) This category includes investments in hedge funds which invest in private equity securities, through Special Purpose Vehicles ("SPVs"), which consist of direct private preferred equity. Funds utilize various derivative contracts in connection with its proprietary trading activities including options, forward contracts, futures contracts and swap contracts.
- (5) This category includes investments in limited partnerships that invest primarily in other limited partnerships formed for the purpose of making venture capital investments in emerging growth companies, whose investments philosophy combines proprietary, direct and public securities investing with a view toward preserving principal and maximizing returns.
- (6) This category consists of limited partnerships that are formed to provide superior long-term investment returns and to encourage the members that all of the proceeds be given by them to their designated charities. Funds invest in limited partnerships and limited liability companies.
- (7) The fund's investment objective is to seek current income consistent with the preservation of principal primarily through investments in fixed-income securities. The fund is global fund that invests in issuers throughout the world.
- (8) This category includes an investment in a limited partnership formed to make "fund of fund" investments in real estate and real estate related funds located both in the United States and outside of the United States.
- (9) The fund's investment objective is to seek long-term capital appreciation. Under normal market conditions, the fund invests at least 80% of its net assets in equity securities of companies located in emerging market countries. A company will be considered to be located in an emerging market country if it is domiciled in or derives more than 50% of its revenues or profits from emerging market countries.

As of June 30, 2014, HRW was committed to contribute, if called upon, an aggregate of approximately \$2,500,000 of additional capital to certain limited partnerships. Commitments of \$165,000 are scheduled to expire in 2015, \$300,000 in 2016, \$215,000 in 2017, \$1,450,000 in 2018 and \$360,000 in 2020. At fiscal year-end 2014, 25% of the commitment remained.

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

4. Investments in Limited Partnerships

As of June 30, 2014, \$16,699,387 (14.5%) of HRW's investment portfolio consisted of interests in limited partnerships, which are engaged in a variety of investment strategies. As audited financial statements of these partnerships are only available as of the prior year end (December 31, 2013), HRW uses a valuation process to determine the value at the close of its fiscal year (June 30, 2014). The valuation process utilizes a variety of due diligence efforts including, but not limited to, advice of its investment advisors, Cambridge Associates, benchmarking data of comparable partnerships which are available, fund manager credentials, and queries of the partnerships by their independent auditors. Investment gains resulting from these investments were \$1,925,248 for the year ended June 30, 2014.

These investment entities invest in various domestic and international types of securities and derivative financial instruments. Redemptions of HRW's investments in these investment entities vary, but are primarily available at month-end, quarter-end, or year-end with appropriate notice. Management fees and incentive fees are charged by these investment entities at an annual rate ranging from .3% to 2.0% plus an incentive allocation, usually 20% of profits.

In general, risks associated with such investments include those related to their underlying investments.

There can be no assurance that HRW will continue to achieve the same level of returns on its investments in limited partnerships and other investment companies that it has received during the past periods or that it will achieve any returns on such investments at all. In addition, there can be no assurance that HRW will receive a return of all or any portion of its current or future capital investments in limited partnerships and other investment companies. The failure of HRW to receive the return of a material portion of its capital investments in these investments, or to achieve historic levels of returns on such investments, could have a material adverse effect on HRW's financial condition and results of operations.

5. Contributions Receivable, Net

At June 30, 2014, the net present value of contributions receivable is \$87,670,337. Net present value was calculated using a discount rate equal to the risk-free interest rate, commensurate with the expected collection of the pledge based on the U.S. Treasury note interest rate in effect at the time contributions are made. The discount rate used in this calculation ranged from .36% to 2.96%.

Net present value of contributions receivable, net of a reserve for doubtful accounts, at June 30, 2014 is summarized below:

June 30, 2014

Total contributions receivable at June 30, 2014	\$93,330,680
Allowance for doubtful accounts	(200,000)
Total	93,130,680
Net present value discount	(5,460,343)
Net present value of contributions receivable at June 30, 2014	\$87,670,337

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

Amount due in:	
One year	\$32,132,730
Two to five years	51,197,950
Thereafter	10,000,000
Total	\$93,330,680

6. Contributions and Grants

During the fiscal year ended June 30, 2011, HRW received a pledge from the Foundation to Promote Open Society, of which George Soros is Chairman, for general support totaling \$100,000,000. The grant is being paid in installments of \$10,000,000 over ten years and was recorded as temporarily restricted income in the statement of activities at its net present value. Through June 30, 2014, HRW has received \$40,000,000 towards the fulfillment of the pledge.

7. Fixed Assets, Net

Fixed assets, net consist of the following:

June 30, 2014

Leasehold improvements	\$ 7,101,553
Furniture and fixtures	438,490
Office equipment	1,164,215
Computer hardware and software	5,485,855
	14,190,113
Less: Accumulated depreciation and amortization	(8,399,907)
	\$ 5,790,206

Depreciation and amortization expenses for the year ended June 30, 2014 were \$1,219,024.

8. Temporarily Restricted Net Assets and Net Assets Released From Restrictions

Temporarily restricted net assets were available for the following purposes at June 30, 2014:

June 30, 2014

Donor-imposed time restrictions	\$112,699,989
Endowment fund	107,700,017
	\$220,400,006

Temporarily restricted net assets that were released from donor restrictions at June 30, 2014 are as follows:

Donor-imposed time restrictions	\$34,754,476
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Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

9. Endowments - Net Asset Classifications

HRW's endowments consist of investments that are temporarily restricted. Under ASC 958-205, the following applies to the endowment funds:

Interpretation of relevant law - the spending of endowment funds by a not-for-profit corporation in the State of New York is currently governed by the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). HRW has interpreted NYPMIFA as requiring the preservation of the historical dollar value, or principal, of an endowment fund unless the donor provides otherwise by specifying in their written gift instruments that the not-for-profit corporation's spending-rate policy be applied to the endowment funds.

Investment and spending policies - HRW has adopted investment and spending policies for endowment 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 endowment assets. The endowment funds are invested in vehicles such as government and equity securities, as well as alternative investments and private equity.

HRW considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the funds;
- the purposes of HRW and the donor-restricted endowment 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.

For the year ended June 30, 2014, all assets included in HRW's Endowment Fund are as follows:

<i>Year ended June 30, 2014</i>	
Cash and cash equivalents	\$ 3,362,266
Corporate bonds:	
Financial	1,586
Other	5,626
U.S. government obligations	9,662
Equity securities:	
Energy	3,608,043
Materials	1,430,031
Industrial	5,110,208
Consumer discretionary	3,155,816
Consumer staples	1,333,186
Health care	656,937
Financial	1,556,619
Information technology	2,053,259
Telecommunications	407,889
Other	50,076
Mutual funds:	
Diversified	9,357,132
Index	25,793,707
Commodities	5,061,693
Alternative investments:	
Pooled investments and fund of funds	44,746,281
Total	\$107,700,017

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Notes to Financial Statements as of June 30, 2014

The following table represents the reconciliation of changes in endowment net assets for the year ended June 30, 2014:

	Temporarily Restricted
Endowment net assets, beginning of year	\$ 92,183,785
Investment income:	
Investment income	1,620,861
Net appreciation (realized and unrealized)	14,464,023
Investment fees	(602,789)
Total investment income, net	15,482,095
Transfers in	34,137
Endowment net assets, end of year	\$107,700,017

10. Retirement Plan

HRW has a tax deferred annuity plan (the "Plan") under Section 403(b) of the Internal Revenue Code. 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 has a defined contribution plan (the "Plan") under Section 403(b) of the Internal Revenue Code. Each year, HRW contributes to the Plan 10% of each participant's before-tax compensation subject to annual IRS limitations. All full time U.S. employees are eligible to participate after two years of continuous employment. Participants become fully vested immediately following participation in the Plan. HRW's contribution for the year ended June 30, 2014 was \$2,195,299.

11. Commitments

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 in 2026 are as follows:

<i>Year ending June 30,</i>	
2015	\$ 3,889,352
2016	3,623,738
2017	3,406,736
2018	3,270,368
2019	3,293,846
Thereafter	16,235,695
	<hr/> \$33,719,735

HRW leases office space in various countries on a month-to-month basis. Rent expense for the year ended June 30, 2014 amounted to \$3,829,517. HRW has a line of credit in the amount of \$694,931 which represents a security deposit for the New York office.

Human Rights Watch, Inc.

Notes to Financial Statements as of June 30, 2014

12. Other Programs

Other programs as presented in the accompanying statements of activities and functional expenses consist of the following:

June 30, 2014

Arms	\$ 1,102,415
Business	1,509,327
Disability Rights Division	989,084
Emergency Response	1,745,122
Fellows	1,222,912
Film Festival	1,111,011
Grants to Others	135,426
Habre	652,213
LGBT	1,528,009
Multimedia	1,418,783
Outreach	4,864,583
Refugee	754,270
Terrorism	70,119
Total	\$17,103,274

13. Contingencies

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 financial position of HRW.

14. Split-Interest Agreements

Under the Charitable Gift Annuity agreement, donors make contributions in exchange for a promise to receive a fixed amount over a specified period of time, usually life of donor or beneficiary. During the term of the agreement, HRW acts as a custodian of these funds whereby the asset and the net present value of related liability are reflected in the statement of financial position. After the term of the agreement, the remaining asset belongs to HRW. At June 30, 2014, the Charitable Gift Annuity investment account had a fair market value of \$118,377, which was funded by HRW. The related liability amounted to \$-0-.

15. Subsequent Events

HRW's management has performed subsequent events procedures through October 22, 2014 which is the date the financial statements were available for issuance and there were no subsequent events requiring adjustments or disclosure to the financial statements.