

SOUTHERN CENTER FOR HUMAN RIGHTS

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

With Independent Auditor's Report Thereon

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Southern Center for Human Rights

We have audited the accompanying financial statements of Southern Center for Human Rights (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 of 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 aspects, the financial position of Southern Center for Human Rights, as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Morrow, Georgia
April 6, 2021

SOUTHERN CENTER FOR HUMAN RIGHTS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	ASSETS	
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,812,595	\$ 957,301
Investments	8,192,384	4,766,479
Contributions receivable	550	1,550
Pledges receivable	853,630	864,999
Other receivables	37,507	8,608
Prepays	<u>14,723</u>	<u>10,127</u>
TOTAL CURRENT ASSETS	10,911,389	6,609,064
PROPERTY, PLANT AND EQUIPMENT		
Land	600,000	673,335
Building and improvements	3,700,345	4,622,333
Furniture, fixtures and equipment	99,112	104,872
Automobiles	160,168	160,168
Other assets	12,875	21,458
Accumulated depreciation	<u>(307,944)</u>	<u>(737,112)</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>4,264,556</u>	<u>4,845,054</u>
LONG TERM PLEDGE RECEIVABLES	215,000	91,630
TOTAL ASSETS	<u>\$ 15,390,945</u>	<u>\$ 11,545,748</u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable	\$ 75,120	\$ 311,877
Deferred revenue	30,000	20,000
Accrued expenses	<u>74,151</u>	<u>52,974</u>
TOTAL CURRENT LIABILITIES	<u>179,271</u>	<u>384,851</u>
TOTAL LIABILITIES	<u>179,271</u>	<u>384,851</u>
NET ASSETS		
Without donor restrictions	12,748,957	9,214,530
With donor restrictions	<u>2,462,717</u>	<u>1,946,367</u>
TOTAL NET ASSETS	<u>15,211,674</u>	<u>11,160,897</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,390,945</u>	<u>\$ 11,545,748</u>

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

SOUTHERN CENTER FOR HUMAN RIGHTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Foundation grants	\$ 1,504,650	\$ 1,033,550	\$ 2,538,200
Individual and business contributions	1,806,657	400,000	2,206,657
Investment revenue	1,181,870	-	1,181,870
Special events, net	457,033	-	457,033
Other grants	432,555	-	432,555
Attorney fees and settlements	241,318	-	241,318
Other income	<u>12,262</u>	<u>-</u>	<u>12,262</u>
Public support and revenue	5,636,345	1,433,550	7,069,895
Net assets released from restrictions	<u>917,200</u>	<u>(917,200)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>6,553,545</u>	<u>516,350</u>	<u>7,069,895</u>
EXPENSES			
Program services	3,489,166	-	3,489,166
Supporting services:			
Management and general	317,725	-	317,725
Fundraising	<u>356,348</u>	<u>-</u>	<u>356,348</u>
Total supporting services	<u>674,073</u>	<u>-</u>	<u>674,073</u>
TOTAL EXPENSES	<u>4,163,239</u>	<u>-</u>	<u>4,163,239</u>
OPERATING EXCESS	2,390,306	516,350	2,906,656
NONOPERATING CHANGES			
Gain on sale of building	<u>1,144,121</u>	<u>-</u>	<u>1,144,121</u>
CHANGES IN NET ASSETS	3,534,427	516,350	4,050,777
NET ASSETS:			
AT BEGINNING OF YEAR	<u>9,214,530</u>	<u>1,946,367</u>	<u>11,160,897</u>
AT END OF YEAR	<u>\$ 12,748,957</u>	<u>\$ 2,462,717</u>	<u>\$ 15,211,674</u>

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

SOUTHERN CENTER FOR HUMAN RIGHTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Foundation grants	\$ 1,536,857	\$ 1,045,622	\$ 2,582,479
Individual and business contributions	1,350,477	317,000	1,667,477
Investment revenue	1,149,579	-	1,149,579
Special events, net	368,502	-	368,502
Attorney fees and settlements	805,882	-	805,882
Rental income	<u>70,323</u>	<u>-</u>	<u>70,323</u>
Public support and revenue	5,281,620	1,362,622	6,644,242
Net assets released from restrictions	<u>403,293</u>	<u>(403,293)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>5,684,913</u>	<u>959,329</u>	<u>6,644,242</u>
EXPENSES			
Program services	3,078,842	-	3,078,842
Supporting services:			
Management and general	319,768	-	319,768
Fundraising	<u>336,813</u>	<u>-</u>	<u>336,813</u>
Total supporting services	<u>656,581</u>	<u>-</u>	<u>656,581</u>
TOTAL EXPENSES	<u>3,735,423</u>	<u>-</u>	<u>3,735,423</u>
OPERATING EXCESS	1,949,490	959,329	2,908,819
NONOPERATING CHANGES			
Loss on disposal of fixed assets	<u>(410)</u>	<u>-</u>	<u>(410)</u>
CHANGES IN NET ASSETS	1,949,080	959,329	2,908,409
NET ASSETS:			
AT BEGINNING OF YEAR	<u>7,265,450</u>	<u>987,038</u>	<u>8,252,488</u>
AT END OF YEAR	<u>\$ 9,214,530</u>	<u>\$ 1,946,367</u>	<u>\$ 11,160,897</u>

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

SOUTHERN CENTER FOR HUMAN RIGHTS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020

	Capital Litigation	Impact Litigation	Public Policy	Reentry	Total Program	Management and General	Fundraising	Total
Personnel	\$ 772,069	\$ 1,084,392	\$ 422,810	\$ 64,413	\$ 2,343,684	\$ 226,077	\$ 257,293	\$ 2,827,054
Litigation	119,527	111,998	2,786	193	234,504	-	-	234,504
Professional	25,578	65,133	12,966	1,346	105,023	55,812	14,734	175,569
Depreciation & amortization	42,442	59,271	23,120	3,471	128,304	12,474	14,179	154,957
Office expenses	19,813	49,473	10,910	1,475	81,671	7,874	23,602	113,147
Outreach & engagement	21,281	35,324	44,218	1,633	102,456	-	-	102,456
Sub-grants	32,670	45,599	17,766	2,665	98,700	-	-	98,700
Office supplies	17,604	21,730	9,111	1,137	49,582	4,229	17,140	70,951
Travel	42,595	15,177	2,983	3,555	64,310	320	2,083	66,713
Printing	80	56,225	665	-	56,970	-	-	56,970
Occupancy	14,632	20,433	7,970	1,197	44,232	4,300	4,888	53,420
Interns	6,636	37,669	148	22	44,475	-	-	44,475
Marketing	7,144	9,972	3,885	583	21,584	2,978	18,137	42,699
Insurance	14,773	17,709	4,034	605	37,121	2,176	2,474	41,771
Client and reentry resources	16,628	4,623	50	14,626	35,927	-	-	35,927
Staff development	12,558	12,437	7,220	270	32,485	1,386	1,751	35,622
Miscellaneous	968	5,138	1,995	37	8,138	99	67	8,304
TOTAL EXPENSES	\$ 1,166,998	\$ 1,652,303	\$ 572,637	\$ 97,228	\$ 3,489,166	\$ 317,725	\$ 356,348	\$ 4,163,239

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

SOUTHERN CENTER FOR HUMAN RIGHTS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019

	Capital Litigation	Impact Litigation	Public Policy	Total Program	Management and General	Fundraising	Total
Personnel	\$ 785,210	\$ 782,405	\$ 319,708	\$ 1,887,323	\$ 218,646	\$ 232,926	\$ 2,338,895
Litigation	116,112	301,296	1,291	418,699	-	-	418,699
Professional	33,496	85,106	13,348	131,950	59,145	9,788	200,883
Depreciation & amortization	38,625	38,510	15,729	92,864	10,831	11,534	115,229
Office expenses	33,472	31,913	16,453	81,838	18,784	44,729	145,351
Outreach & engagement	11,662	10,660	23,916	46,238	-	-	46,238
Sub-grants	-	25,000	-	25,000	-	-	25,000
Travel	93,439	46,736	16,051	156,226	882	873	157,981
Occupancy	21,933	21,867	8,932	52,732	6,152	6,549	65,433
Interns	1,925	43,215	5	45,145	-	-	45,145
Marketing	13,664	12,491	5,548	31,703	1,000	23,891	56,594
Insurance	18,513	18,494	2,645	39,652	1,822	1,941	43,415
Staff development	33,477	16,368	12,504	62,349	1,725	1,365	65,439
Miscellaneous	1,863	2,377	2,883	7,123	781	3,217	11,121
TOTAL EXPENSES	\$ 1,203,391	\$ 1,436,438	\$ 439,013	\$ 3,078,842	\$ 319,768	\$ 336,813	\$ 3,735,423

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

SOUTHERN CENTER FOR HUMAN RIGHTS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$4,050,777	\$ 2,908,409
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	154,957	115,229
Reinvested dividends	(123,758)	(99,620)
Unrealized (gain) loss on investments	(973,878)	(534,091)
Realized gain on investments	(78,269)	(476,796)
(Gain) loss on disposal of assets	(1,144,120)	410
Decrease (increase) in operating assets		
Contributions receivable	1,000	61,182
Pledges receivable	(112,001)	(943,879)
Other receivables	(28,899)	(2,825)
Prepays	(4,596)	(1,606)
(decrease) increase in operating liabilities		
Accounts payable	(236,757)	206,672
Deferred revenue	10,000	-
Accrued expenses	<u>21,177</u>	<u>43,289</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,535,633	1,276,374
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	450,000	4,825,000
Purchase of investments	(2,700,000)	(1,265,000)
Purchase of fixed assets	(43,389)	(4,388,071)
Proceeds from sale of fixed assets	<u>1,613,050</u>	<u>-</u>
NET CASH (USED IN) INVESTING ACTIVITIES	(680,339)	(828,071)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	855,294	448,303
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>957,301</u>	<u>508,998</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$1,812,595</u>	<u>\$ 957,301</u>

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

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. ORGANIZATION

Southern Center for Human Rights (“SCHR”) was incorporated in 1978 under the Tennessee General Corporation Act as a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified SCHR as a publicly supported charitable organization which allows donors to SCHR to take the maximum charitable contribution deduction. SCHR, located in Atlanta, Georgia, is working for equality, dignity, and justice for people impacted by the criminal legal system in the Deep South. SCHR fights for a world free from mass incarceration, the death penalty, the criminalization of poverty, and racial injustice.

SCHR’s Capital Litigation Unit provides direct representation to clients who are facing or who have received death sentences; consults with other capital defense teams and shares our expertise at trainings and conferences; and advocates for reforms to curtail the use of or abolish the death penalty.

SCHR’s Impact Litigation Unit files civil suits to protect our communities against numerous injustices. This includes defending people who face severe criminal charges and receive harsh sentences; people who are incarcerated as a form of wealth-based detention; and people who suffer abuse and inhumane treatment in jails and prisons.

SCHR’s Public Policy Unit develops and advocates for legislation that reforms harsh sentencing laws, provides alternatives to incarceration, abolishes the death penalty, strengthens the public defender system, and ends the criminalization of poverty. This unit works to engage and support local communities in advocating for needed criminal justice reforms.

SCHR’s Reentry Program provides support to former SCHR clients who are returning home after being released from prison. SCHR’s Client Services Advocate partners with these individuals to help remove obstacles towards housing, employment, healthcare, and social services as needed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

SCHR classifies its net assets, revenues and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of SCHR and changes therein are classified and reported as follows:

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of SCHR’s management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. 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 the 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.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Estimates

Management of SCHR makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

Financial instruments

The financial instruments shown as assets and liabilities in the statements of financial position are traditional in nature. The carrying value of cash and cash equivalents and all other financial instruments, including receivables and payables, approximate their fair value.

Cash and cash equivalents

For financial statement purposes, highly liquid investments with original maturities of three months or less when purchased are reported as cash and cash equivalents. For the years ended December 31, 2020 and 2019, cash equivalents were \$1,069,172 and \$305,843, respectively.

Investments

Investments in equity and debt securities are reported at fair value with realized and unrealized gains and losses included in the statements of activities.

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS – Continued

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Fixed assets

Fixed assets are stated on the basis of cost with the exception of donated items, which are stated at fair market value at the date of donation. Expenditures for renewals and improvements are charged to the property accounts. Expenditures such as maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to operations. The cost and related accumulated depreciation are removed from the accounts for equipment sold or retired. Acquisitions that have an estimated useful life greater than one year are capitalized and are depreciated on the straight-line basis. SCHR currently uses a capitalization threshold policy of \$2,500.

Estimated useful lives are as follows:

<u>Asset Category</u>	<u>Useful Lives</u>
Building and improvements	7 – 40 years
Furniture, fixtures and equipment	5 – 10 years
Automobiles	5 years
Software	3 years

Functional allocation of expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office expenses, occupancy, payroll taxes and benefits, and certain salaries which are allocated on the basis of estimates of time and effort.

Income taxes

SCHR qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. SCHR had no income from unrelated activities and has no income taxes due as of December 31, 2020 and 2019.

SCHR's application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes SCHR has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. SCHR would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. SCHR is no longer subject to examination by federal, state or local tax authorities for periods before 2017.

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In-kind services

Many individuals volunteer time and perform a variety of tasks that assist SCHR with various administrative, fundraising and program tasks. The value of these services has not been reflected in the financial states since they do not meet the criteria for recognition.

Recent accounting guidance

FASB issued ASU 2016-02, Leases (Topic 842), which, when effective, will require organizations to recognize assets and liabilities on the balance sheet for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The Organization does not expect the adoption to have a material impact on the financial statements. ASU 2020-05, Leases (Topic 842) issued on June 3, 2020, extended the effective date for this standard to fiscal year ending December 31, 2022.

Subsequent events

Subsequent events have been evaluated through April 6, 2021, which is the date the financial statements were available to be issued.

3. AVAILABILITY AND LIQUIDITY

The following represents SCHR's financial assets at December 31, 2020, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, perpetual endowments and accumulated earnings net of appropriations within one year or because the governing board has set aside the funds for specific contingency reserves and projects or a long-term investment as board designated endowments.

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS – Continued

3. AVAILABILITY AND LIQUIDITY – Continued

	2020
Financial assets:	
Cash and cash equivalents	\$ 1,812,595
Investments	8,192,384
Contributions receivable	550
Pledges receivable	1,068,630
Other receivables	37,507
Financial assets at year-end	11,111,666
Less amounts unavailable to be used within one year:	
Net assets with donor restrictions	749,973
Financial assets available to meet general expenditures over the next year	\$10,361,693

Southern Center for Human Rights' goal is to maintain financial assets sufficient to meet at least one year in operating expenses. It seeks to prudently allocate these funds among cash and longer-term investments.

4. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Restricted for time	\$ 910,000	\$ 180,000
Restricted to create and fund fellowships	740,856	760,654
Restricted for specific programs	628,967	796,139
Restricted to support attorney salaries	158,554	158,554
Restricted to support internships	24,340	51,020
	\$ 2,462,717	\$ 1,946,367

Net assets with donor restrictions released from restrictions were as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Restricted for specific programs	\$ 538,722	\$ 276,248
Restricted to create and fund fellowships	181,798	87,893
Restricted for time	165,000	-
Restricted to support internships	31,680	39,152
	\$ 917,200	\$ 403,293

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS – Continued

5. INVESTMENTS

Investments as of December 31, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Mutual Funds – Domestic Stock	\$ 3,695,159	\$ 2,200,063
Mutual Funds – International Stock	2,489,573	1,445,241
Mutual Funds – Fixed Income	<u>2,007,652</u>	<u>1,121,175</u>
 Total	 <u>\$ 8,192,384</u>	 <u>\$ 4,766,479</u>

The following is a summary of investment revenue:

	<u>2020</u>	<u>2019</u>
Unrealized gain on investments	\$ 972,642	\$ 534,091
Realized gain on investments	80,004	476,796
Interest and dividend revenue	146,978	154,959
Investment fees	<u>(17,754)</u>	<u>(16,267)</u>
 Total	 <u>\$ 1,181,870</u>	 <u>\$ 1,149,579</u>

6. FAIR VALUE MEASUREMENTS

SCHR adopted the provisions of Accounting Standards Codification 820 (“ASC 820”), Fair Value Measurements, for financial assets and liabilities. Under ASC 820, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Unobservable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

At December 31, 2020 and 2019, all investments were considered Level 1.

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS – Continued

7. SPECIAL EVENTS

SCHR held receptions or dinners in various cities in order to raise funds. The net proceeds from these events are reported as special events revenue in the accompanying statements of activities. The following are summaries of these activities for the year ended December 31, 2020 and 2019:

	2020		
	Revenue	Expenses	Net revenue
Frederick Douglass Dinner	\$ 330,077	\$ 46,019	\$ 284,058
Atlanta Benefit	141,899	14,568	127,331
New York	23,068	-	23,068
San Francisco Event	<u>22,576</u>	<u>-</u>	<u>22,576</u>
 Total	 <u>\$ 517,620</u>	 <u>\$ 60,587</u>	 <u>\$ 457,033</u>
	2019		
	Revenue	Expenses	Net revenue
Frederick Douglass Dinner	\$ 356,044	\$ 157,838	\$ 198,206
Atlanta Benefit	119,867	29,788	90,079
New York	33,200	3,298	29,902
San Francisco Event	<u>58,779</u>	<u>8,464</u>	<u>50,315</u>
 Total	 <u>\$ 567,890</u>	 <u>\$ 199,388</u>	 <u>\$ 368,502</u>

8. OPERATING LEASES

SCHR entered into a new copier lease in December 2017. The lease has a monthly payment of \$967 that is required through November 2022.

Future minimum lease payments under the operating leases are as follows:

Year ended December 31,	
2021	11,604
2022	<u>10,637</u>
Total	<u>\$ 22,241</u>

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS – Continued

9. EMPLOYEE BENEFIT PLAN

SCHR adopted a defined contribution retirement plan effective April 1, 2001. Contributions from SCHR begin after one year of service and are 4% of each participant's compensation as defined in the summary plan description. All employees are eligible to participate in the plan upon employment and employees become vested after three years. During the years ended December 31, 2020 and 2019, SCHR contributed \$81,519 and \$59,860, respectively, to the plan.

10. CONCENTRATION OF RISK

SCHR maintains its cash in accounts, which at times may exceed federally insured limits. SCHR has not experienced any losses in such accounts. Management believes it is not exposed to any undue credit risk with regards to the cash in excess of federally insured limits.

11. COMMITMENT AND CONTINGENCY

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. SCHR is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on SCHR's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on SCHR's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact SCHR's financial position and changes in operations and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

12. PAYCHECK PROTECTION PROGRAM LOAN

In March 2020, the President of the United States signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides Payroll Protection Program (PPP) loans to small businesses facing an unprecedented economic disruption due to the Coronavirus (COVID-19) outbreak. Paycheck Protection Program loans provide a direct incentive for small businesses to keep their workers on the payroll and to maintain their operations. On May 3, 2020, SCHR was granted a loan of \$432,555 from the U.S. Government's Payroll Protection Program (PPP). The loan is uncollateralized and is fully guaranteed by the Federal government. SCHR initially recorded the loan as a refundable advance and subsequently recognized as other revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. SCHR has recognized \$432,555 as other grants for the year ended December 31, 2020.