

SOUTHERN CENTER FOR HUMAN RIGHTS

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

With Independent Auditor's Report Thereon

SOUTHERN CENTER FOR HUMAN RIGHTS
DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Southern Center for Human Rights

Opinion

We have audited the accompanying financial statements of Southern Center for Human Rights, ("SCHR"), (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Center for Human Rights as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SCHR 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 SCHR'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SCHR'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 SCHR'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.

Fulton Stokes LLC

Morrow, Georgia
May 6, 2022

SOUTHERN CENTER FOR HUMAN RIGHTS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS		
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,118,493	\$ 1,812,595
Investments	9,027,859	8,192,384
Contributions receivable	550	550
Unconditional promises to give	458,330	853,630
Other receivables	7,178	37,507
Prepays	<u>6,628</u>	<u>14,723</u>
TOTAL CURRENT ASSETS	11,619,038	10,911,389
PROPERTY, PLANT AND EQUIPMENT		
Land	600,000	600,000
Building and improvements	3,722,764	3,700,345
Furniture, fixtures and equipment	75,334	99,112
Automobiles	146,026	160,168
Other assets	4,292	12,875
Accumulated depreciation	<u>(388,472)</u>	<u>(307,944)</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	4,159,944	4,264,556
LONG TERM UNCONDITIONAL PROMISES TO GIVE	<u>100,000</u>	<u>215,000</u>
TOTAL ASSETS	<u>\$ 15,878,982</u>	<u>\$ 15,390,945</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 60,615	\$ 75,120
Deferred revenue	20,000	30,000
Accrued expenses	<u>103,204</u>	<u>74,151</u>
TOTAL CURRENT LIABILITIES	<u>183,819</u>	<u>179,271</u>
TOTAL LIABILITIES	183,819	179,271
NET ASSETS		
Without donor restrictions	13,216,517	12,748,957
With donor restrictions	<u>2,478,646</u>	<u>2,462,717</u>
TOTAL NET ASSETS	<u>15,695,163</u>	<u>15,211,674</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,878,982</u>	<u>\$ 15,390,945</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Individual and business contributions	\$ 1,489,339	\$ 595,000	\$ 2,084,339
Foundation grants	387,500	1,105,028	1,492,528
Investment revenue	1,142,331	-	1,142,331
Special events, net	419,057	-	419,057
Attorney fees and settlements	24,616	-	24,616
Public support and revenue	3,462,843	1,700,028	5,162,871
Net assets released from restrictions	1,684,099	(1,684,099)	-
TOTAL PUBLIC SUPPORT AND REVENUE	5,146,942	15,929	5,162,871
EXPENSES			
Program services	3,852,233	-	3,852,233
Supporting services:			
Management and general	409,268	-	409,268
Fundraising	415,410	-	415,410
Total supporting services	824,678	-	824,678
TOTAL EXPENSES	4,676,911	-	4,676,911
OPERATING EXCESS	470,031	15,929	485,960
NONOPERATING CHANGES			
Loss on disposal of fixed assets	(2,471)	-	(2,471)
CHANGES IN NET ASSETS	467,560	15,929	483,489
NET ASSETS:			
AT BEGINNING OF YEAR	12,748,957	2,462,717	15,211,674
AT END OF YEAR	\$ 13,216,517	\$ 2,478,646	\$ 15,695,163

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Individual and business contributions	\$ 1,806,657	\$ 400,000	\$ 2,206,657
Foundation grants	1,504,650	1,033,550	2,538,200
Investment revenue	1,181,870	-	1,181,870
Special events, net	457,033	-	457,033
Attorney fees and settlements	241,318	-	241,318
Other grants	432,555	-	432,555
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	6,553,545	516,350	7,069,895
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 FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021

	<u>Capital Litigation</u>	<u>Impact Litigation</u>	<u>Public Policy</u>	<u>Reentry</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 805,060	\$ 1,259,699	\$ 604,214	\$ 106,347	\$ 2,775,320	\$ 285,969	\$ 308,957	\$3,370,246
Professional	22,692	24,538	58,300	1,806	107,336	74,172	14,533	196,041
Litigation	81,592	97,691	839	137	180,259	-	-	180,259
Travel	96,240	38,147	13,067	1,101	148,555	512	500	149,567
Depreciation & amortization	31,566	49,266	23,526	4,125	108,483	11,203	12,112	131,798
Office expenses	18,748	34,996	14,032	2,563	70,339	8,866	22,318	101,523
Office supplies	14,485	26,346	15,874	1,754	58,459	12,670	16,437	87,566
Occupancy	17,922	27,971	13,357	2,342	61,592	6,360	6,877	74,829
Staff development	21,792	31,451	12,005	1,888	67,136	1,777	1,907	70,820
Sub-grants	14,550	22,700	20,850	1,900	60,000	-	-	60,000
Insurance	16,739	22,010	7,005	1,228	46,982	3,336	3,607	53,925
Marketing	7,603	11,862	5,669	993	26,127	1,421	26,169	53,717
Interns	4,442	30,681	343	12	35,478	-	-	35,478
Printing	3	30,656	142	1,250	32,051	-	1,601	33,652
Client and reentry resources	15,185	3,226	41	8,288	26,740	-	-	26,740
Outreach & engagement	2,202	3,436	20,516	288	26,442	-	-	26,442
Class action payouts	-	12,500	-	-	12,500	-	-	12,500
Miscellaneous	<u>1,255</u>	<u>2,034</u>	<u>5,006</u>	<u>139</u>	<u>8,434</u>	<u>2,982</u>	<u>392</u>	<u>11,808</u>
TOTAL EXPENSES	<u>\$ 1,172,076</u>	<u>\$ 1,729,210</u>	<u>\$ 814,786</u>	<u>\$ 136,161</u>	<u>\$ 3,852,233</u>	<u>\$ 409,268</u>	<u>\$ 415,410</u>	<u>\$4,676,911</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

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

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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 483,489	\$ 4,050,777
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	131,798	154,957
Donated securities	(154,999)	-
Reinvested dividends	(178,563)	(123,758)
Unrealized gain on investments	(594,092)	(973,878)
Realized gain on investments	(364,582)	(78,269)
Loss (gain) on disposal of assets	2,471	(1,144,120)
PPP loan forgiveness	-	(432,555)
Decrease (increase) in operating assets		
Contributions receivable	-	1,000
Unconditional promises to give	510,300	(112,001)
Other receivables	30,329	(28,899)
Prepays	8,095	(4,596)
(Decrease) increase in operating liabilities		
Accounts payable	(14,505)	(236,757)
Deferred revenue	(10,000)	10,000
Accrued expenses	<u>29,053</u>	<u>21,177</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(121,206)	1,103,078
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	1,426,000	450,000
Purchase of investments	(969,239)	(2,700,000)
Purchase of fixed assets	(29,657)	(43,389)
Proceeds from sale of fixed assets	<u>-</u>	<u>1,613,050</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	427,104	(680,339)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of PPP loan	<u>-</u>	<u>432,555</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	432,555
NET CHANGE IN CASH	305,898	855,294
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,812,595</u>	<u>957,301</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$2,118,493</u>	<u>\$ 1,812,595</u>
Supplemental disclosure of non-cash financing activities:		
PPP loan forgiveness	<u>\$ -</u>	<u>\$ 432,555</u>

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

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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.

Contributions received are recorded 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, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restrictions.

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, 2021 and 2020, cash equivalents were \$691,018 and \$1,069,172, respectively.

Investments

Investments in equity and debt securities are reported at fair value. Investment earnings, including interest and dividend income and realized and unrealized gains and losses, are recorded in net assets without donor restriction unless their use is restricted by explicit donor stipulation. Investment revenue is presented in the statements of activities net of investment expense.

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.

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.

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, 2021 and 2020.

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 2018.

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS - Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue recognition

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

Special events

Special events consist primarily of ticket sales, sponsorships and donations. SCHR records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Performance obligations related to special events are transferred to the customer at a point in time, and is recognized at the conclusion of the event. Special event contributions are conditional promises to give and are not recognized as revenue in the financial statements until the event takes place.

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 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. ASU No. 2020-05 delayed the application of the new leases standard for one year. As a result, the leases standard is effective for SCHR's fiscal year ending December 31, 2022. Early application is permitted. SCHR is currently evaluating the impact of the adoption this standard on the financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent events

Subsequent events have been evaluated through May 6, 2022, which is the date the financial statements were available to be issued.

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS - Continued

3. AVAILABILITY AND LIQUIDITY

The following represents SCHR's financial assets at December 31, 2021, 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.

Financial assets:	
Cash and cash equivalents	\$ 2,118,493
Investments	9,027,859
Contributions receivable	550
Unconditional promises to give	558,330
Other receivables	<u>7,178</u>
Financial assets at year-end	11,712,410
Less amounts not available to be used within one year:	
Net assets with donor restrictions	2,478,646
Less net assets with time restrictions to be met in less than a year	<u>(210,000)</u>
	<u>2,268,646</u>
Financial assets available to meet general expenditures for general expenditures within one year	<u>\$ 9,443,764</u>

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. INVESTMENTS

Investments as of December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Mutual Funds – Domestic Stock	\$ 4,158,610	\$ 3,695,159
Mutual Funds – International Stock	2,641,350	2,489,573
Mutual Funds – Fixed Income	<u>2,227,899</u>	<u>2,007,652</u>
Total	<u>\$ 9,027,859</u>	<u>\$ 8,192,384</u>

The following is a summary of investment revenue:

	<u>2021</u>	<u>2020</u>
Unrealized gain on investments	\$ 594,092	\$ 972,642
Realized gain on investments	364,582	80,004
Interest and dividend revenue	208,114	146,978
Investment fees	<u>(24,457)</u>	<u>(17,754)</u>
Total	<u>\$ 1,142,331</u>	<u>\$ 1,181,870</u>

SOUTHERN CENTER FOR HUMAN RIGHTS
NOTES TO FINANCIAL STATEMENTS - Continued

5. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Restricted for specific programs	\$ 1,070,797	\$ 628,967
Restricted to create and fund fellowships	733,132	740,856
Restricted for time	310,000	910,000
Restricted to support attorney salaries	308,946	158,554
Restricted for other purposes	55,771	-
Restricted to support internships	-	24,340
	<u>\$ 2,478,646</u>	<u>\$ 2,462,717</u>

Net assets with donor restrictions released from restrictions were as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Restricted for specific programs	\$ 704,670	\$ 538,722
Restricted to create and fund fellowships	82,725	181,798
Restricted for time	790,000	165,000
Restricted to support attorney salaries	49,608	-
Restricted for other purposes	32,756	-
Restricted to support internships	24,340	31,680
	<u>\$ 1,684,099</u>	<u>\$ 917,200</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, 2021 and 2020, all investments were considered Level 1.

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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, 2021 and 2020:

	2021		
	Revenue	Expenses	Net revenue
Frederick Douglass Dinner	\$ 274,405	\$ 11,743	\$ 262,662
Atlanta Benefit	135,049	6,450	128,599
New York	16,538	-	16,538
San Francisco Event	<u>11,258</u>	<u>-</u>	<u>11,258</u>
 Total	 <u>\$ 437,250</u>	 <u>\$ 18,193</u>	 <u>\$ 419,057</u>
	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>

8. OPERATING LEASES

SCHR entered into a new copier lease in October 2021. The lease has a monthly payment of \$989 that is required through October 2026.

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

Year ended December 31,	
2022	\$ 11,878
2023	11,878
2024	11,878
2025	11,878
2026	<u>9,898</u>
Total	<u>\$ 57,410</u>

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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, 2021 and 2020, SCHR contributed \$75,258 and \$81,519, respectively, to the plan.

10. CONCENTRATIONS OF CREDIT RISK

SCHR maintains its funds with a financial institution that insures cash balances up to \$250,000 as of December 31, 2021, through the Federal Deposit Insurance Corporation. SCHR maintains cash balances that may exceed insured limits as of December 31, 2021. As of December 31, 2021, SCHR held funds of \$1,868,356 that exceeded the insured limits. The SCHR performs on-going evaluations of the financial institution to limit its concentration of credit risk exposure. SCHR has not experienced any losses in such accounts and management believes SCHR is not exposed to any significant credit risk related to cash.

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.

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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 received full forgiveness on the loan on May 14, 2021. SCHR recognized \$432,555 of revenue for the year ended December 31, 2020. The revenue is included in other grants in the statement of activities for the year ended December 31, 2020.