

**Amnesty International of
the U.S.A., Inc.**

Financial Statements
Year Ended September 30, 2005

**Amnesty International of
the U.S.A., Inc.**

Financial Statements
Year Ended September 30, 2005

Amnesty International of the U.S.A., Inc.

Contents

Independent auditors' report	3
Financial statements:	
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8-23



Independent Auditors' Report

Board of Directors
Amnesty International of the U.S.A., Inc.
New York, New York

We have audited the accompanying statement of financial position of Amnesty International of the U.S.A., Inc. ("AIUSA") as of September 30, 2005, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of AIUSA's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AIUSA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amnesty International of the U.S.A., Inc. as of September 30, 2005, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Information for the year ended September 30, 2004 is presented for comparative purposes only and was extracted from the financial statements of Amnesty International of the U.S.A., Inc. for that year, on which we expressed an unqualified opinion dated December 10, 2004.

BDO Seidman, LLP

December 2, 2005

Amnesty International of the U.S.A., Inc.

Statement of Financial Position (with comparative totals for 2004)

<i>September 30,</i>	2005	2004
Assets		
Cash and cash equivalents (Note 3)	\$ 3,163,111	\$ 3,567,472
Investments, at fair value (Notes 3 and 7)	21,139,604	16,668,083
Contributions receivable, net (Note 4)	2,779,099	1,326,444
Due from affiliate (Note 5)	750,000	-
Supplies inventory	288,331	212,617
Prepaid expenses and other assets	1,409,063	1,882,412
Fixed assets, net (Note 6)	1,560,674	1,543,666
	\$31,089,882	\$25,200,694
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,015,546	\$ 1,487,776
Payroll and payroll taxes payable	1,301,285	1,312,868
Line of credit (Note 16)	500,000	-
Other liabilities (Note 7(a))	6,879,223	5,926,762
Total liabilities	10,696,054	8,727,406
Commitments (Notes 15 and 16)		
Net assets:		
Unrestricted net assets:		
Fixed assets	1,560,674	1,543,666
Other unrestricted	12,290,798	11,257,825
Total unrestricted net assets	13,851,472	12,801,491
Temporarily restricted net assets (Note 8(a))	4,631,189	2,768,049
Permanently restricted net assets (Note 8(b))	1,911,167	903,748
Total net assets	20,393,828	16,473,288
	\$31,089,882	\$25,200,694

See accompanying notes to financial statements.

Amnesty International of the U.S.A., Inc.

Statement of Activities (with comparative totals for 2004)

Year ended September 30,

	Unrestricted	Temporarily restricted	Permanently restricted	Total	
				2005	2004
Operating revenue:					
Contributions from individuals	\$31,933,627	\$ 3,315,300	\$1,000,000	\$36,248,927	\$32,056,671
Grants from foundations	265,461	115,000	-	380,461	323,050
Donated services (Note 11)	9,810,312	-	-	9,810,312	6,794,728
Literature and merchandise sales	446,204	-	-	446,204	309,202
List rental	221,587	-	-	221,587	236,168
Events and miscellaneous income	697,852	102,471	5,500	805,823	621,340
Conference fees/regional fundraising	65,709	-	-	65,709	90,304
Net assets released from restrictions (Note 9)	1,696,862	(1,696,862)	-	-	-
Total operating revenue	45,137,614	1,835,909	1,005,500	47,979,023	40,431,463
Expenses:					
International	10,087,484	-	-	10,087,484	9,924,121
Campaigns and actions	5,440,744	-	-	5,440,744	5,653,001
Membership programs	11,861,433	-	-	11,861,433	9,013,422
Communications and publications	13,558,110	-	-	13,558,110	11,018,089
Management and general	1,141,893	-	-	1,141,893	1,826,942
Fundraising	8,395,856	-	-	8,395,856	8,794,147
Total expenses	50,485,520	-	-	50,485,520	46,229,722
Increase (decrease) in net assets before nonoperating revenues	(5,347,906)	1,835,909	1,005,500	(2,506,497)	(5,798,259)
Nonoperating revenues:					
Bequests and planned giving	3,466,287	5,000	-	3,471,287	3,765,472
Net realized gains on investments	822,217	25,329	-	847,546	1,243,694
Net unrealized gains (losses) on investments	1,535,907	(5,760)	-	1,530,147	661,411
Interest and dividends	573,476	2,662	1,919	578,057	486,907
Total nonoperating revenues	6,397,887	27,231	1,919	6,427,037	6,157,484
Change in net assets	1,049,981	1,863,140	1,007,419	3,920,540	359,225
Net assets, beginning of year	12,801,491	2,768,049	903,748	16,473,288	16,114,063
Net assets, end of year	\$13,851,472	\$ 4,631,189	\$1,911,167	\$20,393,828	\$16,473,288

See accompanying notes to financial statements.

Amnesty International of the U.S.A., Inc.

Statement of Functional Expenses (with comparative totals for 2004)

Year ended September 30,

	Program services				Supporting services		Total expenses		
	International	Campaigns and actions	Membership programs	Communications and publications	Total	Management and general	Fundraising	2005	2004
Salaries and fringe benefits:									
Salaries and payroll taxes	\$ 21,687	\$2,464,971	\$ 2,931,871	\$ 1,877,859	\$ 7,296,388	\$ 368,679	\$1,808,961	\$ 9,474,028	\$ 9,456,378
Employee health and retirement benefits (Note 12)	6,585	691,720	860,453	569,921	2,128,679	111,940	539,213	2,779,832	2,731,094
Total salaries and fringe benefits	28,272	3,156,691	3,792,324	2,447,780	9,425,067	480,619	2,348,174	12,253,860	12,187,472
Other expenses:									
Payments to International Secretariat (Note 10)	9,775,473	-	-	-	9,775,473	-	-	9,775,473	9,656,494
Professional fees and contract services	5,808	130,059	214,760	680,898	1,031,525	98,729	467,863	1,598,117	1,888,722
Donated services (Note 11)	-	350,840	4,965,785	4,493,850	9,810,475	-	-	9,810,475	6,794,728
Supplies	839	58,342	82,641	53,178	195,000	14,266	32,771	242,037	180,608
Telephone	3,046	95,392	233,871	164,431	496,740	48,741	45,226	590,707	683,377
Postage and shipping	1,214	73,673	170,837	378,829	624,553	18,430	34,065	677,048	562,536
Occupancy	4,956	419,363	704,858	429,782	1,558,959	84,253	347,772	1,990,984	1,572,647
Printing, artwork, etc.	87	105,590	268,628	348,158	722,463	1,474	77,198	801,135	696,608
Conferences, meetings and travel	77,298	470,212	745,337	195,014	1,487,861	61,091	193,774	1,742,726	1,723,124
Repairs and maintenance	701	60,360	151,095	51,597	263,753	11,918	37,717	313,388	284,616
Insurance	1,384	27,852	30,856	34,660	94,752	23,528	20,780	139,060	92,306
Bank charges and investment fees	4,560	91,745	101,612	114,011	311,928	77,527	91,080	480,535	432,165
Advertising, publications and subscriptions	943	89,799	43,339	375,200	509,281	16,038	69,688	595,007	565,980
List exchange and maintenance	-	1,950	-	-	1,950	-	7,918	9,868	11,909
Direct production costs	466	15,028	10,258	109,244	134,996	7,927	3,436,396	3,579,319	4,181,649
Joint production costs (Note 14)	-	-	-	3,305,438	3,305,438	-	931,759	4,237,197	3,553,378
Miscellaneous	174,268	130,480	165,529	171,830	642,107	58,488	131,150	831,745	476,568
Allowance for uncollected pledges	3,305	66,098	72,706	82,622	224,731	56,184	49,572	330,487	155,532
Total expenses before depreciation and amortization	10,082,620	5,343,474	11,754,436	13,436,522	40,617,052	1,059,213	8,322,903	49,999,168	45,700,419
Depreciation and amortization	4,864	97,270	106,997	121,588	330,719	82,680	72,953	486,352	529,303
Total	\$10,087,484	\$5,440,744	\$11,861,433	\$13,558,110	\$40,947,771	\$1,141,893	\$8,395,856	\$50,485,520	\$46,229,722

See accompanying notes to financial statements.

Amnesty International of the U.S.A., Inc.

Statement of Cash Flows (with comparative totals for 2004)

<i>Year ended September 30,</i>	2005	2004
Cash flows from operating activities:		
Change in net assets	\$ 3,920,540	\$ 359,225
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	486,352	529,303
Unrealized gain on investments	(1,530,147)	(661,411)
Realized gain on investments	(847,546)	(1,243,694)
Donated investments	(208,365)	(20,662)
Allowance for uncollected pledges	330,487	155,532
Permanently restricted contributions	(1,005,500)	(2,500)
Decrease (increase) in:		
Contributions receivable	(1,783,142)	(946,802)
Due from affiliate	(750,000)	-
Supplies inventory	(75,714)	41,678
Prepaid expenses and other assets	473,349	(1,301,688)
Increase (decrease) in:		
Accounts payable and accrued expenses	527,770	255,480
Payroll and payroll taxes payable	(11,583)	267,690
Other liabilities	952,461	(1,007,170)
Total adjustments	(3,441,578)	(3,934,244)
Net cash provided by (used in) operating activities	478,962	(3,575,019)
Cash flows from investing activities:		
Purchases of fixed assets	(503,360)	(716,513)
Purchase of investments	(10,638,373)	(7,081,504)
Proceeds from sale of investments	8,752,910	11,058,943
Net cash provided by (used in) investing activities	(2,388,823)	3,260,926
Cash flows from financing activities:		
Permanently restricted contributions received	1,005,500	2,500
Proceeds from line of credit	500,000	-
Net cash provided by financing activities	1,505,500	2,500
Net decrease in cash and cash equivalents	(404,361)	(311,593)
Cash and cash equivalents, beginning of year	3,567,472	3,879,065
Cash and cash equivalents, end of year	\$ 3,163,111	\$ 3,567,472

See accompanying notes to financial statements.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

1. Organization

Amnesty International of the U.S.A., Inc. (“AIUSA”) is the U.S. section of Amnesty International Limited (“AI”), a worldwide movement of people who campaign for internationally recognized human rights. AIUSA’s mission is to act in concert with the international human rights movement, within the context of its work to promote all provisions in the Universal Declaration of Human Rights.

AIUSA’s various programs are described below:

International – supports research into human rights violations worldwide and the coordination of international efforts to stop them. The largest component of this program is the annual assessment paid to the International Secretariat (“IS”) to fund its research and actions to prevent and end grave abuses of the rights to physical and mental integrity, freedom of conscience and expression, and freedom from discrimination.

Also included are support for international membership and program development efforts and participation in international meetings furthering the goals of the movement.

Advocacy Department – takes the lead in developing this section’s human rights strategy and carrying out the specialized tasks necessary for the implementation of those strategies. It also responds to and mobilizes membership to influence state and non-state actors to support and protect human rights. Activists and staff work on urgent actions; interact with and speak out to policy- and opinion-makers; and undertake a range of major campaigns, country actions, and corporate approaches. Membership mobilization opportunities include the country specialist unit and the legislative coordinator program, among others.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

The Department has established separate programs as outlets for its strategic efforts:

The Campaign Program builds strategically sound, results-oriented, and effective programs that integrate the priorities of the section and effectively utilize its diverse resources. It coordinates AIUSA's work on major campaigns, country actions and corporate social responsibility.

The Country Specialist (Cogroup) Program recruits, trains, and supports volunteer leaders to serve as AIUSA's primary country strategists and experts. Country specialists play a specific role in developing international country strategies; serve as the section's liaison with IS research and campaign teams; and work with other members and staff as it pertains to a particular country.

The Government Relations Program represents AI to the United States government and foreign embassies and serves as a conduit through which AIUSA's membership can convey their concerns to the United States government. It recruits, trains and supports the work of legislative coordinators and other volunteers and staff seeking to influence and change federal policy and practice.

The Urgent Action Office provides AIUSA with an immediate, effective and consistent technique for addressing urgent human rights concerns through the coordination of Urgent Actions, Medical Actions, National Section Actions and through the use of the Worldwide Accelerated Response Network.

The Casework Program facilitates AIUSA's ability to free prisoners of conscience and end other human rights violations through its coordination of the section's work on long-term country or region specific work via Action Files, Regional Action Networks, and the Freedom Writers Network.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

The *Program to Abolish the Death Penalty* seeks to abolish the Death Penalty by consistently challenging its use and encouraging support for its abolition in the United States and abroad.

The *OUTfront Program* was established to raise awareness and build the capacity to reduce human rights violations against lesbian, gay, bisexual, and the transgender people in the U.S. and around the world.

The *Refugee Program* works to prevent human rights violations with respect to refugees by first, promoting the principles and actions of “non-refoulement” and second, ensuring the right to seek asylum effectively.

The *Women’s Human Rights Program* provides actions and strategies so that AIUSA can identify, research, campaign on and publicize effectively all violations of women’s human rights falling within our mandate and addresses the full range of women’s human rights issues in their promotional work.

The *Networks Program* organizes, recruits, trains and supports health professionals, lawyers, teachers, children’s advocates and religious communities.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

The Membership Mobilization Department is responsible for program, which develop the capacity of AIUSA members and supporters and allies to bring pressure to bear on perpetrators of human rights abuse and those who aid them. The purpose of this program is to coordinate the work of a broad-based membership of approximately 360,000. Volunteers are at the core of all of AIUSA's work so the recruitment, training and ongoing support of volunteer leaders are central to the organization's growth and development. Other programs provide resource development (videos, organizing packets, manuals), ongoing support and outreach to youth, campus and local community groups; and field organizing and special event planning. Membership communications include the quarterly magazine Amnesty Now and the Monthly Mailing to all volunteer activists, as well as the production and distribution of other major publications and a series of newsletters. Planning and implementation of five regional conferences and the Annual General Meeting for the organization are also a part of this department's responsibilities.

Communications and Publications - The purpose of this program is to inform and educate the volunteer membership, media and general public of AIUSA's concerns and its work. Other methods of communication include press conferences, editorial board meetings, op-ed pieces, video productions and publication of country reports and the annual report. Additionally, television and radio stations throughout the United States contribute significant amounts of airtime for public service announcements, which inform viewers and listeners about the work of AIUSA.

AIUSA is financed principally by contributions and donations received from the general public. AIUSA also receives support from various individuals comprising local groups and other active members who constitute the main volunteer work force of AIUSA. The accompanying financial statements do not include the accounts of various independent local volunteer groups for which the Board of Directors is not responsible.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies

(a) General

The financial statements have been prepared on an accrual basis. 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 AIUSA'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.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest and other investments should be reported as increases (or decreases) in unrestricted net assets unless the use of the income received is limited by donor-imposed restrictions.

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

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

(c) *Cash and Cash Equivalents*

AIUSA considers all investments with a maturity of three months or less at the time of purchase to be cash equivalents.

(d) *Contributions and Bequests Receivable*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

The fair value of all contributions, including unconditional promises to give, are recognized in the period pledged or received.

(e) *Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the statement of financial position. Net realized gains and losses and net change in unrealized gains and losses for the fiscal year are shown in the statement of activities.

(f) *Investment Impairment*

AIUSA's investments consist of marketable debt and equity securities, mutual funds and investment in a limited partnership. At June 30, 2005, AIUSA has deemed that all securities, which were in an unrealized loss position, were temporarily impaired. Positive evidence considered in reaching the AIUSA's conclusion that the investments in an unrealized loss position are not other-than temporarily impaired consisted of:

- (a) there were no specific events which caused concerns;
- (b) AIUSA's ability and intent to retain the investment for a sufficient amount of time to allow an anticipated recovery in value; and

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

(c) AIUSA also determined that the changes in market value were considered normal in relation to overall fluctuations in market conditions.

(g) *Fixed Assets*

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

Furniture, fixtures and office equipment	5 years
Leasehold improvements	3 to 12 years

(h) *Revenue Recognition*

AIUSA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to restricted support at the time of receipt and as net assets released from restrictions. Unconditional promises to give with payments due in future periods are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

AIUSA reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, AIUSA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

AIUSA also receives grants from foundations in exchange for the performance of various services. AIUSA recognizes grants as revenue when they are committed and records expenses as they are incurred to a maximum of the grant award. AIUSA records deferred revenue for receipts received in advance of program performance.

(i) *In-Kind Contributions*

Amounts are reported in the financial statements for voluntary donations of services if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would typically be purchased if not provided by donation.

(j) *Supplies Inventory*

Supplies inventory consists of informational material and mailing supplies and is carried at the lower of average cost or market.

(k) *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.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

(l) *Income Taxes*

AIUSA was incorporated in the State of New York and 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. In addition, AIUSA has been determined by the Internal Revenue Service 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 2005.

(m) *Comparative Financial Information*

The financial statements include certain prior year summarized comparative information. With respect to statement of activities, prior year information is not presented by net asset class. With respect to the statement of functional expenses, the prior year expenses by expense classification are presented in total rather than by 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 the prior year financial statements from which the summarized information was derived.

(n) *Concentration of Credit Risk*

Financial instruments which potentially subject AIUSA to concentration of credit risk consist primarily of cash and cash equivalents. At various times, AIUSA has cash deposits at financial institutions, which exceed the FDIC insurance limits.

(o) *Allocation of Joint Costs*

The costs of joint activities that are identifiable with a particular program are charged to that program. The joint costs are allocated between fundraising and the appropriate program or management and general function.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

(p) *Reclassifications*

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

3. Investments, at Fair Value

Investments, at fair value at September 30, 2005 are summarized as follows:

	Fair value	Cost
Marketable debt securities	\$ 5,850,678	\$ 5,851,115
Marketable equity securities	12,231,556	8,770,682
Mutual funds	1,590,694	1,377,486
International Equity Trust	1,466,676	849,766
	<u>\$21,139,604</u>	<u>\$16,849,049</u>

In addition to the above investments, the investment portfolio includes \$1,969,795 of cash or cash equivalents at September 30, 2005.

Investments are managed by professional investment advisors and managers. AIUSA's investment in International Equity Trust is valued at fair value by reference to the net asset value of the trust as provided by the administrator.

4. Contributions Receivable, Net

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

At September 30, 2005, the net present value of contributions receivable is \$3,109,586 less an allowance for uncollected pledges of \$330,487. Net present value was calculated using a discount rate equal to the estimated earnings rate of AIUSA, which was calculated to be 5.0%.

Net present value of contributions receivable, net of a reserve for undocumented commitments, at September 30, 2005 is summarized below:

<i>September 30, 2005</i>	
Total contributions receivable at	
September 30, 2005	\$3,304,876
Discount at 5.0%	(195,290)
Allowance for uncollected pledges	(330,487)
Net present value of contributions receivable	
at September 30, 2005	\$2,779,099
Amounts due in:	
Less than one year	\$1,090,326
One to five years	2,214,550
Total	\$3,304,876

- 5. Due from Affiliate** AIUSA has a loan agreement with Amnesty International Limited, an affiliated organization, in the amount of \$750,000. The outstanding principal amount of the loan is due on July 6, 2008 and should be paid in one installment. This loan bears an interest rate of 6% per annum. AIUSA has the option to offset any interest or principal payments against the IS assessment expense. Interest in the amount of \$7,500 was credited to AIUSA's IS assessment account as of September 30, 2005.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

6. **Fixed Assets, Net** Fixed assets, net at September 30, 2005 consists of the following:

Furniture and fixtures	\$ 1,613,461
Office equipment	3,329,421
Leasehold improvements	1,446,103
	<hr/>
	6,388,985
Less: Accumulated depreciation and amortization	(4,828,311)
	<hr/>
	\$ 1,560,674

7. **Split-Interest Agreements** AIUSA administers the following two types of split-interest agreements.

(a) *Charitable Gift Annuity*

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 the life of the donor or beneficiary. During the term of the agreement, AIUSA 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 AIUSA. At September 30, 2005, the Charitable Gift Annuity investment account had a fair market value of \$4,503,871 and the related liability amounted to \$2,947,806.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

(b) *Pooled Income Fund*

Under the terms of the Pooled Income Fund, contributions from donors are invested in a pooled investment account. This account is divided into units and contributions from various donors are invested as a group. At the date of donation, donors are assigned a specific number of units based on the fair value of their donation as compared to the total value of the fund. The donors receive actual income earned by the fund based on the number of units throughout their lives. Upon their demise, the value of these assigned units reverts to AIUSA. The fair value contribution is recognized as a temporarily restricted donation in the statement of activities in the period it is received. At September 30, 2005, the pooled income fund had a fair market value of \$491,321.

8. Restricted Net Assets

(a) *Temporarily Restricted Net Assets*

Temporarily restricted net assets are available for the following purposes at September 30, 2005:

Pooled Income Fund	\$ 491,321
Ginetta Sagan Women's Rights Fund	355,479
Comprehensive Campaign	3,779,844
Ivan Morris Fund	4,545
	<hr/>
	\$4,631,189

(b) *Permanently Restricted Net Assets*

At September 30, 2005, donor-restricted contributions held in perpetuity, the income from which is expendable, are as follows:

General Endowment	\$1,911,167
-------------------	-------------

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

9. Net Assets Released from Restrictions

The amounts of temporarily restricted net assets released from restrictions during the fiscal year ended September 30, 2005 are as follows:

Comprehensive Campaign	\$ 760,954
Artists for Amnesty	50,008
Patrick Stewart Scholarship Fund	20,360
Ivan Morris Prisoner Relief Fund	33,479
Darlene Goodhart	10,000
Ginetta Sagan Fund	21,080
Women's Program	313,819
Death Penalty Program	262,000
China Program	25,000
Outfront Program	25,500
Refugee Program	141,111
Other	33,526
Human Rights Education	25
	<hr/>
	\$1,696,862

Expenditures related to temporarily restricted net assets inherently result in a timing difference. Generally these expenses are reported in a financial year subsequent to the "matching" income, which was reported in prior financial years.

10. Transactions with Affiliated Organizations

AI is a not-for-profit United Kingdom corporation, which performs research and other functions in support of its affiliated organizations worldwide. AIUSA is one of many affiliated national organizations, which contribute funds for the support of the program activities of AI through an annual assessment. For the year ended September 30, 2005, this assessment was \$9,775,473.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

- 11. Donated Services** To properly recognize the significant role of volunteers and contributions of services in the furtherance of AIUSA's mission, the management of AIUSA adopted procedures to measure the fair market value of certain donated services such as voluntary donation of time, special skills and public service announcements ("PSA's") on television and on radio. The fair market value of PSA's, included in the accompanying statement of activities, was estimated based on information received from a third-party service bureau, PCS Broadcast Services, which specializes in this area. The fair market value of other donated services is based on information received from the donors. Donated services have been recognized as revenue and expense in the statement of activities. As displayed in the statement of functional expenses, the related expenses have been allocated in accordance with the functions benefited.
- 12. Pension Plan** AIUSA has a defined contribution pension plan covering substantially all employees who meet certain length-of-service and age requirements. Participants are fully vested after two years of service and their contributions are nonforfeitable. The total pension expense was \$485,693 for the year ended September 30, 2005.
- 13. Additional Estate Income** AIUSA expects to receive cash, investment and other assets from various estates. At present the terms and amounts of these contributions have not been finalized. Accordingly, no receivable has been recorded in the financial statements.
- 14. Allocation of Joint Costs** In 2005, AIUSA incurred joint costs of \$4,237,197 (other than donated services) for informational materials and activities that included fund raising appeals. Of these costs, \$3,305,438 was allocated to communications and publications expense and \$931,759 was reported in fund raising.

Amnesty International of the U.S.A., Inc.

Notes to Financial Statements

15. Commitments

AIUSA is obligated under several operating leases for rentals of office space and equipment that expire at various dates through 2020. The minimum annual rental payments under noncancellable operating leases are as follows:

<i>Year ending September 30,</i>	<i>Amount</i>
2006	\$1,918,368
2007	1,885,374
2008	1,660,982
2009	1,086,223
2010	1,020,039
Thereafter	9,522,249
	<u>\$17,093,235</u>

Total rental expense for all operating leases was \$1,990,984 for the year ended September 30, 2005.

16. Line of Credit

AIUSA has a secured line of credit with JPMorgan Chase Bank in the aggregate amount of \$1,000,000. This line bears interest at an annual rate of prime (6.75% at September 30, 2005) plus 1%. This line expires on December 31, 2005. There was an outstanding balance of \$500,000 as of September 30, 2005, which was subsequently repaid in December, 2005.