

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

Financial Statements
Year Ended September 30, 2010

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

Financial Statements
Year Ended September 30, 2010

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

Contents

Independent Auditors' Report	3
Financial Statements:	
Statement of Financial Position as of September 30, 2010	4
Statement of Activities for the Year Ended September 30, 2010	5
Statement of Functional Expenses for the Year Ended September 30, 2010	6
Statement of Cash Flows for the Year Ended September 30, 2010	7
Notes to Financial Statements	8-20

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, 2010, 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. Information for the year ended September 30, 2009 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 July 22, 2010.

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, 2010, 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.

BDO USA, LLP

March 11, 2011

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

Statement of Financial Position (with comparative totals for 2009)

<i>September 30,</i>	2010	2009
Assets		
Cash and cash equivalents - operations (Notes 2 and 3)	\$ 1,821,989	\$ 3,367,059
Short-term investments (Notes 2 and 3)	1,434,106	1,737,062
Investments, at fair value (Notes 2, 3 and 6)	11,917,598	11,413,338
Contributions receivable, net (Note 4)	874,955	1,546,947
Supplies inventory (Note 2)	249,318	316,975
Prepaid expenses and other assets	1,032,488	825,911
Fixed assets, net (Notes 2 and 5)	614,938	782,717
	\$17,945,392	\$19,990,009
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,052,087	\$ 1,035,134
Payroll and payroll taxes payable	1,455,472	1,727,378
Other liabilities (Note 6(a))	3,013,783	3,083,088
Total Liabilities	6,521,342	5,845,600
Commitments and Contingencies (Notes 7, 11, 12, 15 and 16)		
Net Assets:		
Unrestricted net assets:		
Property and equipment, net	614,938	782,717
Other unrestricted	8,172,543	9,901,188
Total Unrestricted Net Assets	8,787,481	10,683,905
Temporarily restricted net assets (Note 7(a))	1,206,768	2,030,703
Permanently restricted net assets (Note 7(b))	1,429,801	1,429,801
Total Net Assets	11,424,050	14,144,409
	\$17,945,392	\$19,990,009

See accompanying notes to financial statements.

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

Statement of Activities (with comparative totals for 2009)

Year ended September 30,

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2010	2009
Operating Revenue:					
Contributions from individuals	\$28,347,327	\$ -	\$ -	\$28,347,327	\$28,746,106
Grants from foundations	12,500	745,000	-	757,500	1,926,807
Donated services (Note 11)	5,850,657	-	-	5,850,657	3,822,280
Literature and merchandise sales (net of cost of goods sold of \$130,850 and \$150,954 in 2010 and 2009, respectively)	61,605	-	-	61,605	83,694
List rental	166,545	-	-	166,545	179,403
Media awards and miscellaneous income	652,572	-	-	652,572	779,438
Conference fees/regional fundraising	152,150	-	-	152,150	127,426
Net assets released from restrictions:					
Satisfaction of program actions (Note 8)	1,568,935	(1,568,935)	-	-	-
Total Operating Revenue	36,812,291	(823,935)	-	35,988,356	35,665,154
Expenses:					
Program services	37,428,093	-	-	37,428,093	33,137,934
Management and general	1,845,683	-	-	1,845,683	3,044,929
Fundraising	6,735,504	-	-	6,735,504	8,229,692
Total Expenses	46,009,280	-	-	46,009,280	44,412,555
Decrease in Net Assets Before Nonoperating Revenues	(9,196,989)	(823,935)	-	(10,020,924)	(8,747,401)
Nonoperating Revenues:					
Bequests and planned giving	6,513,089	-	-	6,513,089	3,557,509
Charitable gift annuity expense	(270,965)	-	-	(270,965)	-
Net realized gains (losses) on investments	390,689	-	-	390,689	(853,363)
Net unrealized gains on investments	385,114	-	-	385,114	268,833
Interest and dividends	282,638	-	-	282,638	540,925
International secretariat contingent liability adjustment	-	-	-	-	4,547,134
Total Nonoperating Revenues	7,300,565	-	-	7,300,565	8,061,038
Change in Net Assets	(1,896,424)	(823,935)	-	(2,720,359)	(686,363)
Net Assets, Beginning of Year	10,683,905	2,030,703	1,429,801	14,144,409	14,830,772
Net Assets, End of Year	\$ 8,787,481	\$ 1,206,768	\$ 1,429,801	\$ 11,424,050	\$ 14,144,409

See accompanying notes to financial statements.

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

Statement of Functional Expenses (with comparative totals for 2009)

Year ended September 30,

	Program Services	Management and General	Fundraising	Total	
				2010	2009
Expenses:					
Wages and benefits	\$ 9,045,691	\$ 531,110	\$1,593,146	\$11,169,947	\$13,441,833
Direct communications	6,133,729	-	4,089,153	10,222,882	9,874,525
International secretariat assessment	8,856,762	-	-	8,856,762	8,000,000
Donated services expense (Note 11)	5,636,041	128,502	86,114	5,850,657	3,822,280
Occupancy	1,947,750	188,303	310,578	2,446,631	2,460,035
Professional fees	1,547,393	162,847	203,203	1,913,443	1,211,351
Travel and meetings	1,869,853	78,822	102,324	2,050,999	1,403,306
Program materials and office supplies	626,813	117,266	86,636	830,715	810,779
Telecommunication and technology	728,538	66,105	109,930	904,573	1,235,317
Bank, investment and insurance fees	98,433	381,803	14,592	494,828	630,216
Postage and delivery	197,461	8,283	39,977	245,721	315,797
Equipment repair and maintenance	340,612	32,716	53,960	427,288	339,937
Dues and subscriptions	88,383	23,930	4,249	116,562	161,748
Grants and awards	51,483	-	-	51,483	17,468
Miscellaneous	125,599	14,107	20,334	160,040	31,032
Bad debt expense	-	98,970	-	98,970	458,431
Total Expenses Before Depreciation and Amortization	37,294,541	1,832,764	6,714,196	45,841,501	44,214,055
Depreciation and Amortization	133,552	12,919	21,308	167,779	198,500
Total	\$37,428,093	\$1,845,683	\$6,735,504	\$46,009,280	\$44,412,555

See accompanying notes to financial statements.

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

Statement of Cash Flows (with comparative totals for 2009)

<i>Year ended September 30,</i>	2010	2009
Cash Flows From Operating Activities:		
Change in net assets	\$(2,720,359)	\$ (686,363)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	167,779	198,500
Net unrealized gains on investments	(385,114)	(268,833)
Net realized (gains) losses on investments	(390,689)	853,363
Bad debt expense	98,970	458,431
Donated investments	(790,047)	-
Change in present value of contributions receivable	9,918	(11,964)
Decrease (increase) in:		
Contributions receivable	563,104	703,113
Supplies inventory	67,657	255,372
Prepaid expenses and other assets	(206,577)	(273,418)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,016,953	(962,300)
Payroll and payroll taxes payable	(271,906)	221,650
Other liabilities	(69,305)	(4,302,933)
Total Adjustments	(189,257)	(3,129,019)
Net Used In Operating Activities	(2,909,616)	(3,815,382)
Cash Flows From Investing Activities:		
Purchases of investments	(8,905,958)	(11,282,811)
Proceeds from sale of investments	9,967,548	13,095,373
Net change in short-term investments	302,956	4,082,366
Net Cash Provided By Investing Activities	1,364,546	5,894,928
Net (Decrease) Increase in Cash and Cash Equivalents	(1,545,070)	2,079,546
Cash and Cash Equivalents, Beginning of Year	3,367,059	1,287,513
Cash and Cash Equivalents, End of Year	\$ 1,821,989	\$ 3,367,059

See accompanying notes to financial statements.

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

Notes to Financial Statements

1. Description of 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.

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.

In June 2009, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles" ("Codification" or "ASC") to become the source of authoritative U.S. generally accepted accounting principles ("U.S. GAAP") recognized by the FASB to be applied by nongovernmental entities. All other accounting literature not included in the Codification does not change current U.S. GAAP. References to authoritative U.S. GAAP literature in the financial statements and the notes thereto have been updated to reflect new Codification references.

(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, is recognized in the period pledged or received.

(e) Allowance for Doubtful Accounts

AIUSA uses the allowance method for uncollectible receivables. The allowance is based on prior years' experience and management's analysis and evaluation of specific promises made. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions.

(f) Investments

Investments are managed by professional investment advisors and managers. AIUSA's investment in international equities is valued at fair value by reference to the net asset value of the equity fund as provided by the administrator.

Investments 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.

ASC 820-10, "Fair Value Measurements and Disclosures", establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as AIUSA would use in pricing AIUSA's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that can not be sourced from a broad active market in which assets or liabilities identical or similar to those of AIUSA are traded. AIUSA estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include equity securities and publicly-traded mutual funds that are actively traded on a major exchange or over-the-counter market.

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

Notes to Financial Statements

Level 2 - Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly, such as municipal bonds. The fair value of municipal bonds is estimated using recently executed transactions, bid/asked prices and pricing models that factor in, where applicable, interest rates, bond spreads and volatility.

Level 3 - Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments.

(g) Investment Impairment

AIUSA's investments consist of marketable debt and equity securities and mutual funds. At September 30, 2010, AIUSA has deemed that all securities, which were in an unrealized loss position, were temporarily impaired. Positive evidence considered in reaching AIUSA's conclusion that the investments in an unrealized loss position are not other-than temporarily impaired consisted of:

1. there were no specific events which caused concerns;
2. AIUSA's ability and intent to retain the investment for a sufficient amount of time to allow an anticipated recovery in value; and
3. AIUSA also determined that the changes in market value were considered normal in relation to overall fluctuations in market conditions.

(h) 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	Lesser of life of asset or term of lease

(i) 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 recognizes gifts of land, buildings and equipment at fair value on the date of the gift. Gifts of land, buildings and equipment are reported 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 temporarily restricted revenue when they are committed and makes reclassifications to unrestricted net assets as related grant expenses are incurred to a maximum of the grant award. AIUSA records deferred revenue for receipts received in advance of program performance.

AIUSA recognizes revenue from list rental, media awards and conference fees when earned.

(j) Donated Services

The fair value of voluntary donated services are reported in the financial statements 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.

(k) Supplies Inventory

Supplies inventory consists of informational material and mailing supplies and is carried at the lower of average cost or market. Also included in the inventory is AIUSA's merchandise and publications sold by the Publications/Merchandise Unit of the External Affairs Department. The publications and merchandise inventory consists mainly of publications and books as well as AIUSA logo tee shirts, buttons, posters, and bags.

(l) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

(m) 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 the year ended September 30, 2010.

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

Notes to Financial Statements

(n) 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.

(o) 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.

(p) Allocation of Joint Costs

The cost of joint activities and certain centrally billed costs are allocated between appropriate functions.

(q) Functional Allocation Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(r) Reclassifications

Certain prior year balances have been reclassified to be consistent with the current year financial statement presentation.

(s) Net Asset Classification

AIUSA adopted the ASC 958-205 (formerly SFAS No. 117-1), "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and Enhanced Disclosures for all Endowment Funds", during fiscal 2009. ASC 958-205 requires that disclosures be made on AIUSA's endowments by net asset classifications.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). This law, which is a modified version of UPMIFA, makes significant changes to the rules governing how New York not-for-profit organizations may manage, invest and spend their endowment funds. The new law is designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times. This should provide some relief to organizations that, due to the recent economic downturn, have found themselves with underwater endowments. It also expands the options available to organizations seeking relief from donor restrictions on funds that have become obsolete, impracticable or wasteful. NYPMIFA applies to New York not-for-profit, education and religious corporations, associations organized and operated exclusively for charitable purposes, and certain trusts.

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

Notes to Financial Statements

(t) New Accounting Standard to be Adopted

In January 2010, the FASB issued Accounting Standards Update (“ASU”) 2010-06, “Fair Value Measurements and Disclosures”, which amends ASC 820 (originally issued as SFAS No. 157, “Fair Value Measurements”), adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures, ASU 2010-06 is effective for periods beginning after December 15, 2010. AIUSA does not believe that the adoption of ASU 2010-06 will have a material effect on the financial statements.

(u) Uncertainty in Income Taxes

Under ASC 740-10 (formerly FASB Interpretation No. 48), “Accounting for Uncertainty in Income Taxes”, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The implementation of ASC 740-10 had no impact on AIUSA’s financial statements. AIUSA does not believe there are any material uncertain tax positions and, accordingly, they have not recognized any liability for unrecognized tax benefits. AIUSA has filed Internal Revenue Service Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the year ended September 30, 2010, there was no interest or penalties recorded or included in the financial statements.

3. Investments, at Fair Value

Investments, at fair value at September 30, 2010 are summarized as follows:

	Fair Value	Cost
Marketable debt securities	\$ 5,004,949	\$ 4,708,520
Marketable equity securities	6,912,649	5,977,683
	<u>\$11,917,598</u>	<u>\$10,686,203</u>

In addition to the above investments, the investment portfolio includes \$1,434,106 of short-term investments at September 30, 2010.

The following table presents AIUSA’s assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

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

Notes to Financial Statements

Fair value measurements by level at September 30, 2010.

Description	Fair Value Measurement at Reporting Date Using			Balance as of September 30, 2010
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Short-term investments	\$1,434,106	\$ -	\$-	\$ 1,434,106
Money market instruments	998,200	-	-	998,200
Common stock	5,399,714	-	-	5,399,714
Other equity investments	514,734	-	-	514,734
Fixed income- closed end mutual funds	-	219,641	-	219,641
Fixed income- government securities	-	1,910,071	-	1,910,071
Fixed income- preferred securities	-	92,511	-	92,511
Fixed income- corporate bonds	-	2,782,727	-	2,782,727
	<u>\$8,346,754</u>	<u>\$5,004,950</u>	<u>\$-</u>	<u>\$13,351,704</u>

The following table represents the fair market value and gross unrealized losses for fixed maturities where the estimated fair value had declined and remained below amortized cost by less than 12 months or 12 months or more as of September 30, 2010:

September 30, 2010

Description of securities:	Less Than 12 Months		12 Months or More		Total	
	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses
Corporate bonds	\$46,622	\$(709)	\$647,917	\$-	\$694,538	\$(709)

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.

At September 30, 2010, the net present value of contributions receivable is \$913,369 less an allowance for uncollected pledges of \$38,414. Net present value was calculated using a discount rate calculated to be 4%.

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

Notes to Financial Statements

Net present value of contributions receivable, net of a reserve, at September 30, 2010 is summarized below:

September 30, 2010

Total contributions receivable at September 30, 2010	\$950,783
Discount at 4%	(37,414)
Allowance for uncollected pledges	(38,414)
Net present value of contributions receivable at September 30, 20019	\$874,955
Amounts due in:	
Less than one year	\$540,283
One to five years	410,500
Total	\$950,783

5. Fixed Assets, Net

Fixed assets, net at September 30, 2010 consists of the following:

Furniture and fixtures	\$ 1,795,682
Office equipment	3,577,205
Leasehold improvements	1,466,075
	6,838,962
Less: Accumulated depreciation and amortization	(6,224,024)
	\$ 614,938

6. 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, 2010, the Charitable Gift Annuity investment account had a fair market value of \$3,657,175 and the related liability amounted to \$2,980,616, which is included in other liabilities in the statement of financial position.

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, 2010, the pooled income fund had a fair market value of \$232,930.

7. Restricted Net Assets

(a) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2010:

Pooled Income Fund	\$ 232,930
Satellite Imagery	226,880
International Secretariat	10,000
Blueprint	23,500
Counter Terror with Justice	250,000
Southwest Immigration	426,688
Demand Dignity Extraction	36,770
	<hr/>
	\$1,206,768

(b) Permanently Restricted Net Assets

At September 30, 2010, donor-restricted contributions held in perpetuity, the income from which is expendable, are as follows:

General Endowment	\$ 911,167
Ginetta Segan Fund	493,634
Keta Taylor	25,000
	<hr/>
	\$1,429,801

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

Notes to Financial Statements

8. Net Assets Released From Restrictions

The amounts of temporarily restricted net assets released from restrictions during the fiscal year ended September 30, 2010 are as follows:

Individuals at Risk	\$ 25,000
IT Infrastructure	21,419
Expansion Project	125,000
Southwest Immigration	73,312
Rebuilding the Gulf	50,000
Satellite Imagery	195,648
Counter Terror with Justice	250,000
Migrant Detention and Dignity	666,667
Pooled Income Fund	137,159
Other	24,730
	<hr/>
	\$1,568,935

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.

9. Endowments - Net Asset Classifications

AIUSA’s endowments consist of investments that are permanently restricted. Under ASC 958-205, the following applies to the endowment funds.

Interpretation of relevant law - the spending of endowment funds by a not-for-profit corporation in the State of New York is currently governed by the NYPMIFA, a modified version of UPMIFA, as enacted in 2010 in the New York Not-For-Profit Corporation Law. AIUSA has interpreted NYPMIFA as allowing the governing board of the organization to make available for expenditure as much of an endowment fund, including principal, as the governing board finds prudent, taking into consideration the “uses, benefits, purposes and duration” for which the fund was established. The governing board must act in good faith and must consider various factors, if relevant, when making decisions, including the organization’s investment policy, purposes of the organization and the fund and general economic conditions.

Investment and spending policies - AIUSA has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that AIUSA must hold in perpetuity, and as directed by the donors. The endowment funds are invested in vehicles such as money market funds, mutual funds, bonds and equity securities, as well as certificates of deposit.

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

- the duration and preservation of the funds;

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

Notes to Financial Statements

- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation (depreciation) of investments;
- other resources of AIUSA; and
- the investment policy of AIUSA.

The following table represents the endowment net asset composition by type of fund as of September 30, 2010:

September 30, 2010

	Permanently Restricted
Donor-imposed restrictions	\$1,429,801

The following table represents the reconciliation of changes in endowment net assets for the year ended September 30, 2010:

September 30, 2010

	Permanently Restricted
Endowment net assets, beginning of year	\$1,429,801
Investment loss:	
Investment loss	(52,812)
Fees	(10,079)
Total investment loss, net contribution	(62,891)
Transfer from unrestricted net assets	62,891
Endowment net assets, end of year	\$1,429,801

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, 2010, this assessment was \$8,856,762.

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 ("PSAs") and AIUSA brand placements on television and on radio. The fair market value of PSAs, 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. There were no PSAs for the year ended September 30, 2010. 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.

12. Retirement Plan

AIUSA has a defined contribution retirement 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 \$38,414 for the year ended September 30, 2010. The Plan was frozen as of May 31, 2009 and reinstated June 1, 2010.

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 2010, AIUSA incurred joint costs of \$4,872,149 (other than donated services) for informational materials and activities that included fundraising appeals. Of these costs, \$4,872,149 was allocated to communications and publications expense.

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>	
2011	\$ 2,579,654
2012	2,531,031
2013	2,322,392
2014	2,216,044
2015	2,228,077
Thereafter	7,696,595
	<hr/>
	\$19,573,793

Total rental expense for all operating leases was \$2,446,631 for the year ended September 30, 2010.

16. Contingent Liabilities

AIUSA is required to pay an assessment to an affiliated organization, the Amnesty International Secretariat ("IS"), under terms and conditions which change from time to time. Starting in 2009 using previous arrangements and because of its economic situation, AIUSA was unable to follow its original intentions and pay its full assessment to the IS. This situation continued into 2010. As a result of an agreement reached with the IS in April 2010, it was agreed that certain conditions would have to exist and be continuing before AIUSA would make any payments on the outstanding amount, and it is not known when such conditions will exist. As a result, AIUSA classifies any such amounts as they may exist from time to time as contingent liabilities.

17. Subsequent Events

AIUSA's management has performed subsequent events procedures through March 11, 2011, which is the date the financial statements were available to be issued and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.