

Financial Statements and Report of
Independent Certified Public
Accountants

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

December 31, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the financial statements of Amnesty International of the U.S.A., Inc. ("AIUSA"), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of AIUSA as of December 31, 2022 and 2021, 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 audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 AIUSA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matter

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgment, were of most significance in the audit of the financial statements of the current period. This matter was addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on this matter.

Adoption of ASC 842, Leases

As described in Note 13 to the financial statements, AIUSA adopted ASC 842, *Leases*, on January 1, 2022. We identified AIUSA's implementation of ASC 842 as a key audit matter.

We considered the implementation of ASC 842 to be significant in the audit because of the substantial impact the adoption had on AIUSA's statement of financial position and related notes to the financial statements.

Our audit procedures related to the implementation of ASC 842 included the following, among others:

- We obtained an understanding of AIUSA's policies and procedures for ensuring all leases are identified.
- We obtained management's implementation analysis and assessed the reasonableness of significant inputs and assumptions in the calculation of the right-of-use asset and lease liability and tested for mathematical accuracy.
- We read the related disclosures for completeness and accuracy.

Emphasis of matter

As discussed in Note 13 to the financial statements, as of January 1, 2022, AIUSA has adopted Accounting Standard Update 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

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 AIUSA's ability to continue as a going concern for one year after the date 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 US GAAS 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 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 US GAAS, 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 AIUSA'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 AIUSA'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.

Grant Thornton LLP

New York, New York
June 21, 2023

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

STATEMENTS OF FINANCIAL POSITION

December 31,

	2022	2021
ASSETS		
Cash and cash equivalents (Note 2)	\$ 21,173,052	\$ 16,599,941
Investments, at fair value (Notes 2, 3 and 6)	20,539,492	24,529,342
Contributions receivable (Note 4)	2,644,700	1,591,934
Prepaid expenses and other assets	1,210,064	957,357
Right-of-use asset (Note 13)	9,629,006	-
Fixed assets, net (Notes 2 and 5)	724,825	773,296
	\$ 55,921,139	\$ 44,451,870
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,316,865	\$ 887,403
Payroll and payroll taxes payable	919,657	1,071,243
International Secretariat assessment payable (Note 9)	8,813,969	3,132,704
Charitable gift annuity obligation (Note 6)	1,466,133	1,551,348
Lease liability (Note 13)	10,530,194	-
Deferred rent (Note 13)	-	898,704
	23,046,818	7,541,402
Net assets		
Without donor restrictions		
Undesignated	24,783,205	28,046,878
Board-designated transition fund	2,835,806	3,000,000
	27,619,011	31,046,878
With donor restrictions (Notes 7 and 8)	5,255,310	5,863,590
	32,874,321	36,910,468
	\$ 55,921,139	\$ 44,451,870

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

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

STATEMENTS OF ACTIVITIES

Years ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	2022 Total	Without Donor Restrictions	With Donor Restrictions	2021 Total
Operating revenue and support						
Contributions	\$ 48,548,905	\$ 1,213,834	\$ 49,762,739	\$ 44,517,710	\$ 888,396	\$ 45,406,106
Grants from foundations	149,349	107,160	256,509	7,500	494,000	501,500
Bequests and planned giving	9,930,860	156,578	10,087,438	9,940,302	68,540	10,008,842
International Secretariat grants and pass-through grants	115,252	-	115,252	151,451	-	151,451
Donated services (Note 10)	560,661	-	560,661	55,500	-	55,500
Literature and merchandise sales (net of cost of goods sold of \$11,939 and \$3,454 in 2022 and 2021, respectively)	60,886	-	60,886	60,828	-	60,828
Payroll Protection Program loan income (Note 16)	-	-	-	2,375,000	-	2,375,000
Miscellaneous revenue	105,172	15,150	120,322	137,530	1,576	139,106
Net assets released from restrictions (Note 7)	1,202,350	(1,202,350)	-	2,446,638	(2,446,638)	-
Total operating revenue and support	60,673,435	290,372	60,963,807	59,692,459	(994,126)	58,698,333
Expenses						
Program services	43,392,163	-	43,392,163	39,937,477	-	39,937,477
Management and general	2,824,036	-	2,824,036	2,461,935	-	2,461,935
Fundraising	14,959,497	-	14,959,497	10,905,188	-	10,905,188
Total expenses	61,175,696	-	61,175,696	53,304,600	-	53,304,600
(Decrease) increase in net assets before nonoperating activities	(502,261)	290,372	(211,889)	6,387,859	(994,126)	5,393,733
Nonoperating activities						
Change in value of gift annuity obligations	(95,266)	-	(95,266)	(21,127)	-	(21,127)
Investments return, net of fees	(2,830,340)	(898,652)	(3,728,992)	1,942,565	584,477	2,527,042
Total nonoperating activities	(2,925,606)	(898,652)	(3,824,258)	1,921,438	584,477	2,505,915
CHANGES IN NET ASSETS	(3,427,867)	(608,280)	(4,036,147)	8,309,297	(409,649)	7,899,648
Net assets, beginning of year	31,046,878	5,863,590	36,910,468	22,737,581	6,273,239	29,010,820
Net assets, end of year	\$ 27,619,011	\$ 5,255,310	\$ 32,874,321	\$ 31,046,878	\$ 5,863,590	\$ 36,910,468

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

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

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Compensation	\$ 7,101,709	\$ 1,289,047	\$ 2,517,491	\$ 10,908,247
Payroll taxes and employee benefits	1,439,861	246,188	525,776	2,211,825
Direct communications	14,946,354	-	5,595,204	20,541,558
International Secretariat assessment (Note 9)	12,975,336	-	-	12,975,336
Donated services (Note 10)	354,922	63,793	141,946	560,661
Occupancy	1,094,454	196,713	440,486	1,731,653
Professional fees	1,936,220	728,693	1,317,833	3,982,746
Travel and meetings	321,493	82,200	73,810	477,503
Program materials and office supplies	2,020,126	5,366	2,298,553	4,324,045
Telecommunication and technology	206,301	29,327	94,520	330,148
Bank and insurance fees	132,955	48,686	1,180,760	1,362,401
Postage and delivery	16,138	44,612	288,601	349,351
Equipment repair and maintenance	2,417	336	748	3,501
Dues and subscriptions	517,679	68,814	438,685	1,025,178
Grants and awards	213,471	-	-	213,471
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation and amortization	43,279,436	2,803,775	14,914,413	60,997,624
Depreciation and amortization	112,727	20,261	45,084	178,072
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 43,392,163</u>	<u>\$ 2,824,036</u>	<u>\$ 14,959,497</u>	<u>\$ 61,175,696</u>

The accompanying notes are an integral part of this financial statement.

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

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Compensation	\$ 6,615,730	\$ 1,061,621	\$ 2,190,664	\$ 9,868,015
Payroll taxes and employee benefits	1,785,045	266,721	614,892	2,666,658
Direct communications	10,154,411	-	3,653,821	13,808,232
International Secretariat assessment (Note 9)	15,964,389	-	-	15,964,389
Donated services (Note 10)	35,848	5,669	13,983	55,500
Occupancy	1,106,316	174,932	489,471	1,770,719
Professional fees	1,974,113	730,769	1,098,077	3,802,959
Travel and meetings	55,094	4,376	9,610	69,080
Program materials and office supplies	1,162,876	3,624	1,234,693	2,401,193
Telecommunication and technology	324,786	33,078	92,739	450,603
Bank and insurance fees	119,813	53,636	788,011	961,460
Postage and delivery	8,598	41,124	245,265	294,987
Equipment repair and maintenance	28,900	4,560	11,249	44,709
Dues and subscriptions	309,995	58,886	406,125	775,006
Grants and awards	146,489	-	-	146,489
	<u>39,792,403</u>	<u>2,438,996</u>	<u>10,848,600</u>	<u>53,079,999</u>
Total expenses before depreciation and amortization				
Depreciation and amortization	145,074	22,939	56,588	224,601
	<u>39,937,477</u>	<u>2,461,935</u>	<u>10,905,188</u>	<u>53,304,600</u>
Total				

The accompanying notes are an integral part of this financial statement.

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

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2022	2021
Cash flows from operating activities:		
Changes in net assets	\$ (4,036,147)	\$ 7,899,648
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	178,072	224,601
Net realized losses (gains) on investments	57,806	(5,126,142)
Net unrealized losses on investments	3,902,193	2,891,853
Donated investments	(661,169)	(2,050,173)
Amortization of right-of-use asset	1,427,910	-
Changes in assets and liabilities:		
Contributions receivable	(1,052,766)	1,207,970
Prepaid expenses	(252,707)	82,066
Accounts payable and accrued expenses	429,462	(50,694)
Payroll and payroll taxes payable	(151,586)	177,625
International Secretariat assessment payable	5,681,265	(1,039,380)
Paycheck Protection Program loan payable	-	(2,375,000)
Deferred rent	-	706,145
Lease liability	(1,425,426)	-
Charitable gift annuity obligations	(85,215)	(162,716)
	4,011,692	2,385,803
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of fixed assets	(129,600)	(8,591)
Purchases of investments	(3,293,352)	(27,936,649)
Proceeds from sales of investments	3,984,371	29,635,228
	561,419	1,689,988
Net cash provided by investing activities		
	4,573,111	4,075,791
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	16,599,941	12,524,150
Cash and cash equivalents, beginning of year		
	\$ 21,173,052	\$ 16,599,941
Cash and cash equivalents, end of year		
	\$ 21,173,052	\$ 16,599,941
Supplementary information:		
Donated investments	\$ 661,169	\$ 2,050,173
Right-of-use asset obtained in exchange for new lease liabilities	\$ 11,056,916	\$ -

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 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. Our vision is of a world in which every person - regardless of race, religion, ethnicity, sexual orientation or gender identity - enjoys all of the human rights enshrined in the Universal Declaration of Human Rights and other internationally recognized human rights standards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations. In the statements 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.

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 class of net assets (i.e., net assets with donor restrictions and net assets without donor restrictions) 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, contributions and other inflows are reported as increases (or decreases) in net assets without donor restrictions unless the use of the income received is limited by donor-imposed restrictions.

The classes of net assets are defined as follows:

Without donor restrictions - Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds which are fully available, at the discretion of the Board of Directors and management, for AIUSA to utilize in any of its programs or supporting services. Net assets without donor restrictions may be designated for special purposes by AIUSA's Board of Directors.

With donor restrictions - Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. Net assets with donor restrictions are subject to donor-imposed restrictions that require AIUSA to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Net assets with donor restrictions also include the corpus of gifts, which must be maintained in perpetuity, but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes in accordance with donor stipulations, if any.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Measure of Operations

AIUSA includes in its definition of operations all revenue and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses, the change in value of gift annuity obligations, and other items that are considered to be unusual or non-recurring in nature are recognized as part of nonoperating activities.

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.

Financial instruments which potentially subject AIUSA to a concentration of credit risk consist primarily of cash and cash equivalents. At various times, AIUSA has cash deposits at financial institutions which exceed the Federal Deposit Insurance Corporation insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is immaterial.

Investments

Accounting Standards Codification ("ASC") 820-10, *Fair Value Measurements*, 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 as of the reporting date. Unobservable inputs are inputs that cannot 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 the 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 as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments 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;
- 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; and
- 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, private equity investments and similar instruments.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments are stated at fair value on the statement of financial position. Investment income is recognized when earned. Net realized gains and losses and net change in unrealized gains and losses for the fiscal year are shown on the statement of activities. Dividends are recorded on the ex-dividend date, net of fees. Purchases and sales are recorded on a trade-date basis.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Contributions Receivable

Contributions and bequests are recorded as revenues at fair value as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor-imposed restrictions, and are recognized in the period received.

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 their estimated future cash flows.

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.

Fixed Assets

Fixed assets are recorded at cost. Expenditures for additions are capitalized for amounts greater than \$5,000 and with useful lives of five years or greater. Depreciation and amortization 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

Leases

AIUSA adopted Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)* as of January 1, 2022, using a modified retrospective transition method. After adopting this standard, AIUSA determined if an arrangement contained a lease at inception based on whether there was an identified asset and whether AIUSA controlled the use of the identified asset throughout the period of use. AIUSA classifies leases as either financing or operating. Right-of-use ("ROU") assets are recognized at the lease commencement date and represent AIUSA's right to use an underlying asset for the lease term. Lease liabilities represent AIUSA's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. The present value of lease payments is discounted based on the risk-free rate. Expenses related to leases determined to be operating leases are recognized on a straight-line basis, while those determined to be finance leases are recognized following a front-loaded expense pattern in which interest and amortization are presented separately in the statement of activities.

AIUSA assessed whether a lease is classified as an operating or a finance lease at the commencement of the lease.

AIUSA's ROU assets are initially measured based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred, and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of our ROU assets and lease liabilities when reasonably certain the options will be exercised. ROU assets are also assessed for impairments consistent with the long-lived asset guidance.

Prior to the adoption of ASC 842, AIUSA recognized lease payment expenses on a straight-line basis over the term of the lease. The difference between cash rent payments and the recognition of rent expense was recorded as a deferred rent liability on the statement of financial position.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on 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. Conditional promises to give are not recognized until they become unconditional, that is, when the satisfaction of any barriers occurs. Unconditional promises to give with payments due in future years are presumed to be time restricted by the donor until received and are reported as part of net assets with donor restrictions.

AIUSA recognizes gifts of land, buildings and equipment at fair value on the date of gift. Gifts of land, buildings and equipment are reported as general operating 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 such 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 for the performance of various services. AIUSA recognizes grants as donor-restricted revenue when all barriers to entitlement are satisfied, if any, and releases such amounts into net assets without donor restriction as related grant expenses are incurred to a maximum of the grant award.

AIUSA recognizes revenue from donor list rentals, which is included within miscellaneous revenue in the statement of activities, upon receipt of payment from their list broker on a monthly basis. AIUSA recognizes revenue from literature and merchandise sales upon the shipment of goods.

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 and are provided by individuals possessing those skills and which would typically be purchased if not otherwise provided by donation.

Functional Allocation of Expenses

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

Allocation of Joint Costs

The cost of joint activities relative to AIUSA's direct mail program and certain centrally billed costs are allocated amongst the appropriate functions benefited.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 - CONTINUED

December 31, 2022 and 2021

Income Taxes

AIUSA follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

AIUSA is exempt from federal income tax under Internal Revenue Code (“IRC”) Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. AIUSA has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated business income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. AIUSA has determined that there are no material uncertain tax positions that require recognition or disclosure in its financial statements. In addition, AIUSA has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

NOTE 3 - INVESTMENTS

Investments, at fair value, at December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Cash and cash equivalents	\$ 659,139	\$ 504,729
Certificate of deposit	384,552	384,552
Equities - mutual fund	12,553,413	15,405,145
Fixed income - bond index fund	6,942,388	8,234,916
	\$ 20,539,492	\$ 24,529,342

Net investment return consists of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Net realized (losses) gains on investments	\$ (57,806)	\$ 5,126,142
Net unrealized losses on investments	(3,902,193)	(2,891,853)
Interest and dividends, net of fees	231,007	292,753
	\$ (3,728,992)	\$ 2,527,042

AIUSA’s assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2 for a discussion of AIUSA’s policies regarding this hierarchy.

A description of the valuation techniques applied to AIUSA’s major categories of investment assets measured at fair value on a recurring basis follows:

Equities

AIUSA holds positions in a social index mutual fund. This mutual fund tracks a benchmark of large and mid-capitalization stocks that have been screened for certain social, human rights and environmental criteria.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

The prices used to value these investments are based on observable market data and are classified as Level 1.

Fixed Income

AIUSA has positions in an intermediate-term bond index fund. This mutual fund offers a low cost, diversified approach to fixed income investing, and provides broad exposure to U.S. investment grade bonds with maturities from five to 10 years. These securities are categorized as Level 1 and observable market data is used to value these investments.

The following tables present the level within the fair value hierarchy at which AIUSA's investment assets that are measured at fair value on a recurring basis are included. These assets are presented on a disaggregated basis by class, determined by the nature and risk associated with each investment.

<u>Description</u>	Fair Value Measurement at Reporting Date Using			
	Quoting Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance as of December 31, 2022
Cash and cash equivalents	\$ 659,139	\$ -	\$ -	\$ 659,139
Certificate of deposit	384,552	-	-	384,552
Equities - mutual funds	12,553,413	-	-	12,553,413
Fixed income - Intermediate-term bond index fund	6,942,388	-	-	6,942,388
Total	\$ 20,539,492	\$ -	\$ -	\$ 20,539,492

<u>Description</u>	Fair Value Measurement at Reporting Date Using			
	Quoting Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance as of December 31, 2021
Cash and cash equivalents	\$ 504,729	\$ -	\$ -	\$ 504,729
Certificate of deposit	384,552	-	-	384,552
Equities - mutual funds	15,405,145	-	-	15,405,145
Fixed income - Intermediate-term bond index fund	8,234,916	-	-	8,234,916
Total	\$ 24,529,342	\$ -	\$ -	\$ 24,529,342

There were no transfers of investment assets between levels during the years ended December 31, 2022 and 2021.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

At December 31, 2022 and 2021, the net present value of contributions receivable totaled \$2,644,700 and \$1,591,934, respectively. As of December 31, 2022 and 2021, all contributions were expected to be collected within one year and, accordingly, there was no net present value discount recorded.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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 and, accordingly, no amounts pertaining to such conditional gifts have been recognized in the accompanying financial statements.

NOTE 5 - FIXED ASSETS, NET

Fixed assets, net, at December 31, 2022 and 2021 consist of the following:

	2022	2021
Furniture and fixtures	\$ 349,685	\$ 349,685
Office equipment	684,967	684,967
Leasehold improvements	353,365	353,365
Web design cost	129,600	-
	1,517,617	1,388,017
Less: accumulated depreciation and amortization	(792,792)	(614,721)
Fixed assets, net	\$ 724,825	\$ 773,296

For the years ended December 31, 2022 and 2021, depreciation and amortization totaled \$178,072 and \$224,601, respectively.

NOTE 6 - SPLIT-INTEREST AGREEMENTS

AIUSA administers the following two types of split-interest agreements:

Charitable Gift Annuity - Under Charitable Gift Annuity agreements with donors, donors make contributions in exchange for a promise to receive a fixed amount over a specified period of time, usually the life of the respective donor or stipulated 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 liabilities pertaining to amounts payable to annuitants are reflected in the statement of financial position. After the termination of the agreement, the remaining assets, if any, belong to AIUSA. At December 31, 2022 and 2021, the charitable gift annuity investment account had a fair value of \$2,418,236 and \$3,007,054, respectively, and the related liability amounted to \$1,466,133 and \$1,551,348, respectively, including a reserve for \$191,235 and \$202,350, respectively, which are included on the accompanying statements of financial position. The 2012 IAR mortality table was used to calculate the charitable gift annuity obligation as of December 31, 2022 and 2021. The discount rates used for determining the liabilities as of December 31, 2022 and 2021 ranged from 0.60% to 8.20%.

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 their assigned units reverts to AIUSA. The contribution of the arrangement is recognized as part of net assets with donor restrictions in the statement of activities in the period received. At December 31, 2022 and 2021, the pooled income fund had a fair value of \$215,403 and \$256,862, respectively.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE 7 - RESTRICTED NET ASSETS

Net assets with donor restrictions and which are wholly expendable for the following purposes at December 31, 2022 and 2021 are as follows:

	2022	2021
Racial Justice, Women & Children Rights and Others	\$ 206,162	\$ 328,302
Gun Violence	33,333	35,000
Refugee and Immigrants	226,832	58,794
Ladis Kristof Memorial Fund	21,430	24,178
Human Rights in Middle East and North Africa	67,829	122,755
Youth Leadership Fellowship	225,231	15,890
Individuals at Risk	56,667	35,000
Death Penalty Abolition	81,787	86,509
Advocacy	-	108,785
Why Not Initiative	513,619	631,270
Pooled Income Fund	215,403	256,862
Afghanistan	40,000	-
Robert Bosch - Technology & Inequality	261,334	-
BETHERE	50,000	-
Net endowment return (subject to Board appropriation for expenditure)	1,012,634	1,917,196
	\$ 3,012,261	\$ 3,620,541

Net Assets Released from Restrictions

The amount of net assets released from restrictions during each of the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Racial Justice, Women & Children Rights and Others	\$ 353,718	\$ 1,793,134
Women's Rights	-	11,000
Gun Violence	35,000	12,500
Refugee and Immigrants	226,295	2,206
Ladis Kristof Memorial Fund	9,245	9,165
Student and Local Group	15,150	1,704
Human Rights in Middle East and North Africa	138,259	147,245
Youth Leadership Fellowship	45,661	7,881
Individuals at Risk	35,000	35,000
Death Penalty Abolition	16,389	26,824
Advocacy	108,785	182,840
Pooled Income Fund	3,251	3,042
Ukraine Crisis Response	53,827	-
Net endowment return	161,770	214,097
	\$ 1,202,350	\$ 2,446,638

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE 8 - ENDOWMENTS - NET ASSET CLASSIFICATIONS

AIUSA maintains a donor-restricted endowment fund consisting of various investment funds that have been established for various purposes and have been classified as part of net assets with donor restrictions.

Under ASC 958-205, the following applies to AIUSA's endowment funds.

Interpretation of Relevant Law - the spending of endowment funds by a not-for-profit corporation in the State of New York is currently governed by the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), a modified version of the Uniform Prudent Management of Institutional Funds Act ("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 determines to be 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.

The Board of Directors of AIUSA has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the endowment fund, which is classified as part of net assets with donor restrictions, includes the following:

- The original value of gifts donated to the permanent endowment;
- The original value of subsequent gifts to the permanent endowment; and
- Accumulations to the permanent endowment made in accordance with the direction of applicable donor instructions.

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 as directed by the donors. The endowment funds are invested in vehicles such as mutual funds, bonds, and equity securities.

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

- The duration and preservation of the funds;
- The purposes of AIUSA and its donor-restricted endowment funds;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation (depreciation) of investments;
- Other resources of AIUSA; and
- The investment policy of AIUSA.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

At December 31, 2022 and 2021, donor-restricted contributions held in perpetuity, the income from which is expendable for the following purposes, are as follows:

	<u>2022</u>	<u>2021</u>
General endowment	\$ 476,215	\$ 476,215
Stronach Fund for Women's Rights	519,874	519,874
Ginetta Sagan Fund	546,960	546,960
Alexandra Hawkins Trust	<u>700,000</u>	<u>700,000</u>
	<u>\$ 2,243,049</u>	<u>\$ 2,243,049</u>

The following table provides a reconciliation of the change in AIUSA's donor-restricted endowment fund net assets for the years ended December 31, 2022 and 2021:

	<u>2022</u>		
	<u>With Donor Restrictions</u>		
	<u>Original Gift Amount</u>	<u>Accumulated Gains (Losses) and Other</u>	<u>Total</u>
Endowment net assets, at beginning of year	\$ 2,243,049	\$ 1,917,196	\$ 4,160,245
Investment income, net of fees	-	40,349	40,349
Net depreciation	-	(783,142)	(783,142)
Appropriation of endowment assets for expenditure	-	<u>(161,770)</u>	<u>(161,770)</u>
Endowment net assets, at end of year	<u>\$ 2,243,049</u>	<u>\$ 1,012,633</u>	<u>\$ 3,255,682</u>
		<u>2021</u>	
		<u>With Donor Restrictions</u>	
	<u>Original Gift Amount</u>	<u>Accumulated Gains (Losses) and Other</u>	<u>Total</u>
Endowment net assets, at beginning of year	\$ 2,243,049	\$ 1,642,445	\$ 3,885,494
Investment income, net of fees	-	52,289	52,289
Net appreciation	-	436,559	436,559
Appropriation of endowment assets for expenditure	-	<u>(214,097)</u>	<u>(214,097)</u>
Endowment net assets, at end of year	<u>\$ 2,243,049</u>	<u>\$ 1,917,196</u>	<u>\$ 4,160,245</u>

AIUSA has adopted investment and spending policies for its restricted assets that attempt to provide reserves in the event of a cash shortfall or unanticipated change in its operating environment and/or to provide an income stream for AIUSA. The minimum targeted rate of return on AIUSA's investment assets is based on meeting or exceeding benchmark indicators established for each of its accounts, including: reserves, several endowment accounts, several charitable gift annuity accounts, and a pooled income fund account.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Under this policy, as approved by the Investment Committee and the Board of Directors, the investment performance of AIUSA's portfolio will be measured relative to the market benchmarks depending on the type of account.

To satisfy its long-term rate of return objectives, AIUSA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). AIUSA targets a diversified asset allocation primarily invested in common stocks and bonds/other short-term investments, within prudent risk constraints, to achieve its long-term return objectives while also preserving capital. In establishing this policy, AIUSA considers the long-term expected return of its endowment and the objective to spend a portion of donations on program activities. To preserve the endowment funds' long-term purchasing power, AIUSA will make available to be spent each year 4% of the rolling fair value average of the investment portfolio for the last eight quarters, or the spending policy set forth by the respective donor agreement, to comply with NYPMIFA. These spending policies will be measured annually against the rebuttable presumption of imprudence test required to determine compliance with NYPMIFA. The sources of spending will be from interest, dividends, and capital gains, net of investment management fees. AIUSA will draw from underwater endowment funds, if any, when determined to be prudent.

NOTE 9 - TRANSACTIONS WITH AFFILIATED ORGANIZATIONS

AI is a not-for-profit United Kingdom corporation, overseen by the International Secretariat, which performs research and other functions in support of its affiliated organizations worldwide. AIUSA is one of many affiliated national organizations which contributes funds for the support of the program activities of AI through an annual assessment. For the years ended December 31, 2022 and 2021, this assessment, including voluntary contributions, totaled \$12,975,336 and \$15,964,389, respectively. These contributions support research into human rights violations worldwide and the coordination of international efforts to stop them. Funds also go to prevent and end grave abuses of the rights to physical and mental integrity, freedom of conscience and expression, and freedom from discrimination. The global movement is seeking to grow activities "closer to the ground," which involves decentralization of operations with a focus on work in the global south. This includes support for international collaboration and program development as well as participation in or convening international meetings furthering the goals of the collective movement.

NOTE 10 - DONATED SERVICES

Donated services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by AIUSA if not provided by donation. For the years ended December 31, 2022 and 2021, AIUSA recorded donated legal services at an estimated fair value of \$560,661 and \$55,500, respectively. Fair value was determined based on law firms providing pro-bono legal services. Additionally, AIUSA depends on a substantial number of unpaid volunteers who make significant contributions to its programs. These volunteer services do not meet the criteria for recognition and have not been recorded in the accompanying financial statements.

NOTE 11 - RETIREMENT PLANS

AIUSA has defined contribution retirement plans covering substantially all employees who meet certain length-of-service and age requirements. After one year of employment, AIUSA matches an employee's voluntary contribution to the 403(b) plan up to a maximum of 5% of eligible earnings. Participants are fully vested immediately, and their contributions are nonforfeitable. The retirement expense totaled \$398,765 and \$375,062 for the years ended December 31, 2022 and 2021, respectively.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

AIUSA has defined contribution plans which are available to all employees of AIUSA for elective deferral. Participation becomes effective as of the first day of employment. Each year, participants are permitted to contribute to the plan an amount not to exceed the dollar limitation, as prescribed by the IRC.

NOTE 12 - JOINT COSTS

For the years ended December 31, 2022 and 2021, AIUSA incurred joint costs of \$20,541,558 and \$12,823,771, respectively (other than donated services), for information materials and activities that included fundraising appeals. Of these costs, \$14,946,354 and \$9,416,065, respectively, was allocated to direct communication expense.

NOTE 13 - LEASES

Upon adoption, ASC 842, *Leases* had an impact on AIUSA's statement of financial position and its statement of activities. As part of the transition, AIUSA elected the following practical expedients:

- Package of practical expedients which eliminates the need to reassess (1) whether any expired or existing contracts are or contain leases; (2) the lease classification for any expired or existing leases; and (3) the initial direct costs for any existing leases.
- The practical expedient whereby the lease and non-lease components will not be separated for all classes of assets.
- Not to recognize ROU assets and corresponding lease liabilities with a lease term of 12 months or less from the lease commencement date.

For existing leases, AIUSA did not elect the use of hindsight and did not reassess lease terms upon adoption.

AIUSA adjusted the opening operating ROU asset balance based on its remaining deferred rent liabilities. On January 1, 2022, AIUSA recorded \$11,056,916 in operating lease ROU assets and \$11,955,620 in operating lease liabilities. Adopting ASC 842 had no significant impact on the AIUSA's changes in net assets.

As of December 31, 2022, AIUSA had additional operating leases that have yet to commence of \$315,218. These leases will begin in 2023 and will be recognized in AIUSA's statement of financial position at that time.

The components of lease cost follow as of December 31, 2022:

	<u>2022</u>
Operating lease cost	\$ 1,602,694
Total lease cost	<u>\$ 1,602,694</u>

The operating lease costs are reflected on the statement of activities.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

The following table represents the weighted average remaining lease term and discount rate as of December 31, 2022:

Weighted-average remaining lease term	13.72 years
Weighted-average discount rate	1.61%

Future undiscounted lease payments for AIUSA's operating liabilities are as follows as of December 31, 2022:

2023	\$ 934,514
2024	769,104
2025	769,104
2026	774,191
2027	830,144
Thereafter	<u>7,707,317</u>
Total future lease payments	11,784,374
Less: imputed interest	<u>(1,254,180)</u>
Present value of lease liabilities	<u>\$ 10,530,194</u>

NOTE 14 - LITIGATION

AIUSA is a party to certain routine legal actions and complaints arising in the ordinary course of its business. In the opinion of management, all such matters are adequately covered by insurance, or, if not so covered, are without merit or are of such kind, or involve such amounts, that unfavorable disposition would not have a material effect on the financial statements of AIUSA.

NOTE 15 - LIQUIDITY AND AVAILABLE RESOURCES

AIUSA receives significant contributions from donors with only a relatively small portion restricted as to their use within specific programs. Contributions are heavily weighted in the last month of the year in which AIUSA receives approximately one third of its annual donations. Contributions receivable on the statements of financial position are very short-term in nature and substantially all are collected in full in the week immediately following year-end. Cash flow and liquidity is managed with this seasonality in mind and the traditional low-point in liquidity and available resources takes place in mid-November each year. AIUSA manages its working capital and cash on hand to respond to these seasonal fluctuations and provide for its obligations as they become due.

Additional resources, not needed in daily operations, are invested in a reserve investment account of highly liquid marketable securities which can be monetized in a matter of days. The reserve account is also designed to offset various risk factors (such as financial, reputational, technological, etc.) and serve as a buffer for unexpected events. This reserve account has historically been maintained at a level that approximates three months of operating costs for the past five years and has not been drawn upon during this period.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

As of December 31, 2022 and 2021, the following financial assets are available to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 21,173,052	\$ 16,599,941
Investments - reserve funds	12,797,883	15,202,381
Contributions receivable, due within one year, for general operating support	2,644,700	1,591,934
Anticipated 4% payout on endowments for use during the next 12 months	<u>179,000</u>	<u>214,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 36,794,635</u>	<u>\$ 33,608,256</u>

Included within cash and cash equivalents is \$2.8 million of assets for the Board-designated transition fund, however, these assets can be made available for other purposes following Board approval.

In addition to financial assets available to meet general expenditures over the next 12 months, AIUSA operates with a closely monitored monthly budget and anticipates collecting sufficient revenue to cover general expenditures not covered by resources currently available.

NOTE 16 - PAYCHECK PROTECTION PROGRAM

On April 13, 2020, AIUSA was granted a loan from JPMorgan in the total amount of \$2,375,000 as part of the Small Business Administration's Paycheck Protection Program ("PPP") which was enacted March 27, 2020. AIUSA used the entire loan amount for qualifying expenses, and it was fully forgiven in August 2021.

NOTE 17 - SUBSEQUENT EVENTS

AIUSA's management has performed subsequent events review procedures through June 21, 2023, 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.