



**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2024 AND 2023**

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
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**Jones and Kolb**  
Certified Public Accountants  
Atlanta, Georgia

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Southern Center for Human Rights  
Atlanta, Georgia

### **Opinion**

We have audited the accompanying financial statements of Southern Center for Human Rights ("SCHR") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SCHR as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SCHR and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SCHR's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SCHR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SCHR's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Jones and Kolb*

May 6, 2025

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2024 AND 2023**

**ASSETS**

	<b>2024</b>	<b>2023</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,172,264	\$ 2,018,139
Investments	470,000	558,604
Contributions receivable	935,616	375,073
Employee Retention Credit receivable	740,139	740,139
Other receivables	-	2,086
Prepaid expenses	44,837	4,000
	<b>4,362,856</b>	<b>3,698,041</b>
 <b>PROPERTY AND EQUIPMENT</b>		
Land	600,000	600,000
Building and improvements	3,808,092	3,808,092
Furniture, fixtures, and equipment	70,326	70,326
Automobiles	146,654	146,026
	<b>4,625,072</b>	<b>4,624,444</b>
Total property and equipment	4,625,072	4,624,444
Less accumulated depreciation	694,423	631,346
	<b>3,930,649</b>	<b>3,993,098</b>
 <b>OTHER ASSETS</b>		
Long-term contributions receivable	-	75,000
Long-term investments	5,734,942	5,421,223
Operating lease right-of-use assets	21,440	32,868
	<b>5,756,382</b>	<b>5,529,091</b>
Total other assets	5,756,382	5,529,091
	<b>\$ 14,049,887</b>	<b>\$ 13,220,230</b>

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

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2024 AND 2023**

**LIABILITIES AND NET ASSETS**

	<b>2024</b>	<b>2023</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 77,760	\$ 176,671
Deferred revenue	20,000	20,000
Accrued expenses	166,492	131,094
Operating lease obligation - current portion	11,615	11,428
Total current liabilities	275,867	339,193
<b>LONG-TERM OPERATING LEASE OBLIGATION</b>	9,825	21,440
Total liabilities	285,692	360,633
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	5,337,012	5,156,281
Board-designated Reserve Fund	5,442,837	5,308,548
Board-designated Future Fund	762,105	671,279
Total without donor restrictions	11,541,954	11,136,108
With donor restrictions	2,222,241	1,723,489
Total net assets	13,764,195	12,859,597
Total liabilities and net assets	\$ 14,049,887	\$ 13,220,230

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

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
**STATEMENT OF ACTIVITIES AND NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b><u>Without Donor Restriction</u></b>	<b><u>With Donor Restriction</u></b>	<b><u>Total</u></b>
<b>REVENUES AND SUPPORT</b>			
Foundation grants	\$ 232,500	\$ 1,781,083	\$ 2,013,583
Individual and business contributions	1,902,608	288,983	2,191,591
Gifts in-kind	3,483,219	-	3,483,219
Attorney fees	777,115	-	777,115
Special events revenue	578,550	-	578,550
Less costs of direct benefits to donor	(140,378)	-	(140,378)
Other income	23,679	-	23,679
Investment income	792,849	-	792,849
	<u>7,650,142</u>	<u>2,070,066</u>	<u>9,720,208</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
	<u>1,571,314</u>	<u>(1,571,314)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services	<u>7,699,425</u>	<u>-</u>	<u>7,699,425</u>
Supporting services			
Management and general	441,457	-	441,457
Fundraising	674,728	-	674,728
	<u>1,116,185</u>	<u>-</u>	<u>1,116,185</u>
Total supporting services	<u>1,116,185</u>	<u>-</u>	<u>1,116,185</u>
Total expenses	<u>8,815,610</u>	<u>-</u>	<u>8,815,610</u>
<b>CHANGE IN NET ASSETS</b>	405,846	498,752	904,598
<b>NET ASSETS</b>			
Beginning of year	<u>11,136,108</u>	<u>1,723,489</u>	<u>12,859,597</u>
<b>NET ASSETS</b>			
End of year	<u>\$ 11,541,954</u>	<u>\$ 2,222,241</u>	<u>\$ 13,764,195</u>

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

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
**STATEMENT OF ACTIVITIES AND NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b><u>Without Donor Restriction</u></b>	<b><u>With Donor Restriction</u></b>	<b><u>Total</u></b>
<b>REVENUES AND SUPPORT</b>			
Foundation grants	\$ 585,497	\$ 1,083,167	\$ 1,668,664
Individual and business contributions	855,071	36,600	891,671
Gifts in-kind	1,505,072	-	1,505,072
Attorney fees	47,476	-	47,476
Special events revenue	509,033	-	509,033
Less costs of direct benefits to donor	(134,604)	-	(134,604)
Other income	84,507	-	84,507
Investment Income	1,392,895	-	1,392,895
Employee Retention Credit	740,139	-	740,139
	<u>5,585,086</u>	<u>1,119,767</u>	<u>6,704,853</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
	<u>1,421,119</u>	<u>(1,421,119)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services	<u>5,870,510</u>	<u>-</u>	<u>5,870,510</u>
Supporting services			
Management and general	594,829	-	594,829
Fundraising	509,753	-	509,753
	<u>1,104,582</u>	<u>-</u>	<u>1,104,582</u>
	<u>6,975,092</u>	<u>-</u>	<u>6,975,092</u>
<b>CHANGE IN NET ASSETS</b>	31,113	(301,352)	(270,239)
<b>NET ASSETS</b>			
Beginning of year	<u>11,104,995</u>	<u>2,024,841</u>	<u>13,129,836</u>
<b>NET ASSETS</b>			
End of year	<u>\$ 11,136,108</u>	<u>\$ 1,723,489</u>	<u>\$ 12,859,597</u>

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

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b><u>Capital Litigation</u></b>	<b><u>Impact Litigation</u></b>	<b><u>Public Policy</u></b>	<b><u>Reentry</u></b>	<b><u>Total Programs</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Professional fees	\$ 2,483,687	\$ 1,143,713	\$ 103,469	\$ 9,967	\$ 3,740,836	\$ 164,897	\$ 136,462	\$ 4,042,195
Personnel	1,210,452	844,637	762,844	106,223	2,924,156	224,473	391,463	3,540,092
Travel	163,695	50,406	36,820	2,606	253,527	1,080	31,383	285,990
Litigation	150,526	96,346	3,566	359	250,797	-	-	250,797
Depreciation	44,147	30,466	27,838	3,890	106,341	8,193	14,286	128,820
Special events facility rental	-	-	-	-	-	-	115,036	115,036
Occupancy	35,770	24,685	22,556	3,152	86,163	6,638	11,575	104,376
Office supplies	18,415	12,654	25,277	999	57,345	12,449	26,131	95,925
Office expenses	22,673	15,389	14,017	3,037	55,116	6,098	24,261	85,475
Printing	10,621	28,313	8,041	3,170	50,145	264	29,126	79,535
Staff development	28,712	14,219	11,180	1,861	55,972	6,435	5,018	67,425
Outreach and engagement	1,406	1,576	33,185	10,345	46,512	-	-	46,512
Insurance	10,122	7,538	6,508	897	25,065	8,014	2,861	35,940
Client and reentry services	16,023	1,595	3,653	10,858	32,129	-	-	32,129
Miscellaneous	2,519	1,019	1,702	81	5,321	2,916	13,284	21,521
Interns	5,000	-	5,000	-	10,000	-	-	10,000
Special events catering	-	-	-	-	-	-	8,893	8,893
Special events entertainment	-	-	-	-	-	-	5,327	5,327
<b>Total expenses</b>	<b>4,203,768</b>	<b>2,272,556</b>	<b>1,065,656</b>	<b>157,445</b>	<b>7,699,425</b>	<b>441,457</b>	<b>815,106</b>	<b>8,955,988</b>
Less costs of direct benefits to donors	-	-	-	-	-	-	140,378	140,378
<b>Total functional expenses</b>	<b><u>\$ 4,203,768</u></b>	<b><u>\$ 2,272,556</u></b>	<b><u>\$ 1,065,656</u></b>	<b><u>\$ 157,445</u></b>	<b><u>\$ 7,699,425</u></b>	<b><u>\$ 441,457</u></b>	<b><u>\$ 674,728</u></b>	<b><u>\$ 8,815,610</u></b>

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

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b><u>Capital Litigation</u></b>	<b><u>Impact Litigation</u></b>	<b><u>Public Policy</u></b>	<b><u>Reentry</u></b>	<b><u>Total Programs</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Professional fees	\$ 1,054,586	\$ 505,719	\$ 98,603	\$ 5,791	\$ 1,664,699	\$ 215,319	\$ 27,915	\$ 1,907,933
Personnel	1,061,678	1,195,374	773,309	97,902	3,128,263	329,818	357,804	3,815,885
Travel	138,824	51,478	30,317	5,018	225,637	1,478	10,716	237,831
Litigation	94,853	106,033	2,094	303	203,283	-	-	203,283
Depreciation	34,858	39,075	25,387	3,216	102,536	10,835	11,749	125,120
Special events facility rental	-	-	-	-	-	-	98,204	98,204
Occupancy	22,281	24,976	16,227	2,055	65,539	6,926	7,510	79,975
Office supplies	17,572	10,500	18,767	793	47,632	13,771	23,885	85,288
Office expenses	19,970	22,273	13,933	1,821	57,997	7,742	22,692	88,431
Printing	1,313	1,526	2,066	284	5,189	160	31,144	36,493
Staff development	23,119	18,163	10,775	1,025	53,082	1,188	2,568	56,838
Outreach and engagement	2,105	2,754	95,113	658	100,630	-	-	100,630
Insurance	14,640	15,986	8,100	1,026	39,752	3,457	3,749	46,958
Client and reentry services	16,586	5,507	319	21,325	43,737	-	-	43,737
Miscellaneous	1,895	2,566	6,934	234	11,629	4,121	16,544	32,294
Interns	6,208	6,505	27,364	152	40,229	-	-	40,229
Special events catering	-	-	-	-	-	-	17,539	17,539
Special events entertainment	-	-	-	-	-	-	4,274	4,274
Sub-grants	-	-	69,966	-	69,966	-	-	69,966
Marketing	3,193	4,272	2,845	400	10,710	14	8,064	18,788
<b>Total expenses</b>	<b>2,513,681</b>	<b>2,012,707</b>	<b>1,202,119</b>	<b>142,003</b>	<b>5,870,510</b>	<b>594,829</b>	<b>644,357</b>	<b>7,109,696</b>
Less costs of direct benefits to donors	-	-	-	-	-	-	134,604	134,604
<b>Total functional expenses</b>	<b><u>\$ 2,513,681</u></b>	<b><u>\$ 2,012,707</u></b>	<b><u>\$ 1,202,119</u></b>	<b><u>\$ 142,003</u></b>	<b><u>\$ 5,870,510</u></b>	<b><u>\$ 594,829</u></b>	<b><u>\$ 509,753</u></b>	<b><u>\$ 6,975,092</u></b>

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

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 904,598	\$ (270,239)
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH USED IN OPERATING ACTIVITIES:</b>		
Depreciation	128,820	125,120
Donated securities	(116,948)	(95,154)
Reinvested dividends	(143,526)	(176,743)
Unrealized gain on investments	(549,575)	(992,085)
Realized gain on investments	(60,618)	(229,239)
Change in contributions receivable	(485,543)	8,235
Change in Employee Retention Credit receivable	-	(740,139)
Change in other receivables	2,086	5,810
Change in prepaid expenses	(40,837)	1,134
Change in right-of-use assets	11,428	11,245
Change in accounts payable	(98,911)	28,309
Change in accrued expenses	35,398	14,683
Change in lease obligation	(11,428)	(11,245)
Total adjustments	(1,329,654)	(2,050,069)
Net cash and cash equivalents used in operating activities	(425,056)	(2,320,308)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(429,877)	(1,440,939)
Proceeds from sale of investments	1,075,429	4,516,092
Purchases of property and equipment	(66,371)	(23,296)
Net cash and cash equivalents provided by investing activities	579,181	3,051,857
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	154,125	731,549
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	2,018,139	1,286,590
<b>CASH AND CASH EQUIVALENTS</b>		
End of year	\$ 2,172,264	\$ 2,018,139

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

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**1. ORGANIZATION**

Southern Center for Human Rights ("SCHR") was incorporated in 1978 under the Tennessee General Corporation Act as a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. SCHR, located in Atlanta, Georgia, is working for equality, dignity and justice for people impacted by the criminal legal system in the Deep South. SCHR fights for a world free from mass incarceration, the death penalty, the criminalization of poverty, and racial injustice.

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated an amount, from net assets without donor restrictions, for an operating reserve and future fund.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature: for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature: for example, stipulating that those resources be maintained in perpetuity. The donors of these assets permit SCHR to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

When restrictions expire, 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 in the Statements of Activities and Net Assets as "net assets released from restrictions."

D. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

E. SCHR maintains its cash balances with high-credit quality financial institutions. At times, such balances may be in excess of the federally insured limits. SCHR has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

SCHR considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. For the years ended December 31, 2024 and 2023, cash equivalents were \$1,591,908 and \$1,440,716, respectively.

F. SCHR investments consist of investments in mutual funds. Mutual funds are valued at the closing price reported on the active market on which the individual securities trade. Interest, dividends, and increases and decreases in market value are included in investment income on the accompanying Statements of Activities and Net Assets.

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

G. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. SCHR provides reserves for contributions receivable, based on collectability. When an account is determined to be uncollectible, SCHR records a bad debt. At December 31, 2024 and 2023, all contributions receivable were considered collectible; therefore, a reserve for contribution receivable was not considered necessary.

At December 31, 2024, \$935,616 of the contributions receivable are expected to be collected in 2025. At December 31, 2023, \$375,073 of the contributions receivable were expected to be collected in 2024, and the remaining \$75,000 was expected to be collected in 2025.

H. Purchased property and equipment are recorded at cost and donated assets are recorded at their estimated fair market value at the date of the donation. Expenditures for renewals and improvements are charged to the property accounts. Expenditures such as maintenance and repairs, which do not improve or extend the life of respective assets, are expensed as incurred. Acquisitions that have an estimated useful life greater than one year are capitalized and are depreciated on the straight-line basis. SCHR currently uses a capitalization threshold policy of \$5,000.

Estimated useful lives are as follows:

<b>Asset Category</b>	<b>Useful Lives</b>
Building and improvements	7 - 40 years
Furniture, fixtures and equipment	5 - 10 years
Automobiles	5 years

I. Right-of-use assets ("ROU") represent SCHR's right to use an underlying asset for the lease term and lease obligation liabilities represent SCHR's obligation to make lease payments arising from the lease. Operating ROU assets and liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. As most of SCHR's leases do not provide an implicit rate, SCHR uses a risk-free rate based on the information available at commencement date in determining the present value of the lease payments. SCHR's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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

**SOUTHERN CENTER FOR HUMAN RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

SCHR records non-cash contributions at their estimated fair market value at the date of the contribution. SCHR records contributed services as contribution revenue and as an expense if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

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

SCHR recognizes attorney fees when related court cases are settled and the award amounts are known.

SCHR recognizes revenues from special events in the period the event occurs. Amounts received prior to the event are reported as deferred revenue on the Statements of Financial Position. Deferred revenues related to special events totaled \$20,000 at December 31, 2024 and 2023, respectively.

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

L. SCHR qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from unrelated activities. SCHR had no tax liability as of December 31, 2024 and 2023.

The Internal Revenue Service ("IRS") has classified SCHR as a publicly supported charitable organization as described in Section 509(a) of the Internal Revenue Code which allows donors to take the maximum charitable contribution deduction.

M. Subsequent events have been evaluated through May 6, 2025, which is the date the financial statements were available to be issued.

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**3. LIQUIDITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following as of December 31:

	<b>2024</b>	<b>2023</b>
Current assets	\$ 4,362,856	\$ 3,698,041
Less amounts not available to be used within one year:		
Prepaid expenses	(44,837)	(4,000)
Net assets with donor restrictions	(2,222,241)	(1,723,489)
Add back net assets with time restrictions to be met in less than one year	75,000	225,000
Financial assets available to meet general expenditures within one year	<b>\$ 2,170,778</b>	<b>\$ 2,195,552</b>

SCHR has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the board has designated funds that can be utilized for unexpected operating expenses (see Note 6).

**4. INVESTMENTS**

U.S. generally accepted accounting principles establish a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SCHR has the ability to access.

Level 2: Inputs to valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The 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.

As of December 31, 2024 and 2023, the only asset or liability that is measured at fair value on a recurring basis is mutual funds. Mutual funds are valued at the closing price reported on the active market on which the individual fund is traded and are classified within Level 1 of the valuation hierarchy.

The following is a summary of investments, stated at fair value based on quoted market prices, held at December 31:

	<u>2024</u>	<u>2023</u>
Mutual funds - equity	\$ 4,813,497	\$ 4,521,544
Mutual funds - fixed income	1,391,445	1,458,283
Total investments	<u>\$ 6,204,942</u>	<u>\$ 5,979,827</u>

The following schedule summarizes investment income for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Dividends and interest	\$ 208,922	\$ 196,948
Net unrealized gains	549,575	992,085
Net realized gains	60,618	229,239
Investment fees	<u>(26,266)</u>	<u>(25,377)</u>
Total investment income	<u>\$ 792,849</u>	<u>\$ 1,392,895</u>

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**5. RIGHT-OF-USE ASSETS AND LEASE OBLIGATION**

SCHR has a non-cancelable lease for three copiers that matures in 2026. During the year ended December 31, 2022, SCHR recorded right-of-use assets ("ROU") and a lease obligation at the present value of future payments using a risk-free rate of 1.63%. The ROU assets are amortized over the life of the lease which is considered rent expense. Total rent expense under the lease arrangement totaled approximately \$11,800 for years ended December 31, 2024 and 2023, respectively. ROU assets and operating lease obligation at December 31, 2024 and 2023 were \$21,440 and \$32,868, respectively.

Future lease payment commitments under this operating lease are as follows:

<b>Year</b>	<b>Amount</b>	<b>Discount</b>	<b>Lease Obligation</b>
2025	\$ 11,878	\$ 263	\$ 11,615
2026	9,898	73	9,825
	\$ 21,776	\$ 336	\$ 21,440

**6. NET ASSETS**

Board-designated net assets consist of the Reserve Fund and a Future Fund. The Reserve Fund was established during 2023 to provide annual contributions to the operating budget, provide a cushion against financial uncertainty and invest assets to generate long-term returns for SCHR. At the beginning of each year, the board will approve an amount to be transferred to operations. Additional withdrawals from the Reserve Fund may be approved by the board as required by unanticipated operating needs. The Future Fund was created to provide resources to finance unusual salary increases. The board must approve withdrawals from the Future Fund as needed.

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Net assets with donor restrictions are as follows at December 31:

	<u>2024</u>	<u>2023</u>
Subject to passage of time	\$ 775,000	\$ 300,000
Subject to expenditure for specified purpose		
Specific programs	707,600	608,598
Create and fund fellowships	580,087	580,087
Support attorney salaries	158,554	158,554
Other purposes	1,000	76,250
	<u>1,447,241</u>	<u>1,423,489</u>
Total subject to expenditure for specified purpose		
	<u>\$ 2,222,241</u>	<u>\$ 1,723,489</u>
Total donor-restricted net assets		

Net assets with donor restrictions were released for the following purposes for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Subject to passage of time	\$ 775,000	\$ 400,000
Subject to expenditure for specified purpose		
Specific programs	585,647	756,164
Create and fund fellowships	130,417	193,766
Support attorney salaries	-	42,216
Other purposes	80,250	28,973
	<u>796,314</u>	<u>1,021,119</u>
Total subject to expenditure for specified purpose		
	<u>\$ 1,571,314</u>	<u>\$ 1,421,119</u>
Total net assets released from restrictions		

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**7. IN-KIND CONTRIBUTIONS**

SCHR receives pro-bono legal services in furtherance of its mission by lawyers and law firms. The in-kind legal services are valued at the standard hourly rates typically charged for those services as estimated by the law firm. For the years ended December 31, 2024 and 2023, the fair value of these services was estimated to total \$3,483,219 and \$1,505,072 respectively. Of those amounts, \$3,449,617 and \$1,455,517 represent the value of legal services contributed directly to SCHR's program services and \$33,602 and \$49,555 represents the value of supporting services provided for the years ended December 31, 2024 and 2023, respectively.

**8. EMPLOYEE RETENTION CREDIT**

SCHR qualified for \$740,139 of Employer Retention Credit ("ERC") to offset certain payroll taxes for qualifying wages paid as provided in the Coronavirus Aid, Relief, and Economic Security Act. SCHR recorded the amount as Employer Retention Credit on the Statement of Activity and Net Assets for the year ended December 31, 2023, and Employee Retention Credit receivable on the Statement of Financial Position at December 31, 2024 and 2023.

ERC claims may generally be audited up to three years after filing a claim; however, the IRS has extended the statute of limitations to five years with respect to ERC claims in the third and fourth quarters of 2021. If audited, and the IRS determines SCHR did not meet eligibility requirements, the ERC amount may be reduced. SCHR has not reserved any portion of the ERC claim, as management believes it met all the eligibility criteria. However, management cannot reasonably estimate when it will receive the remaining refunds.

**9. EMPLOYEE BENEFIT PLAN**

SCHR adopted a defined contribution retirement plan effective April 1, 2001. Contributions from SCHR begin after one year of service and are 4% of each participant's compensation as defined in the summary plan description. All employees are eligible to participate in the plan upon employment and employees become vested after three years. During the years ended December 31, 2024 and 2023, SCHR contributed \$85,847 and \$100,374, respectively, to the plan.

**10. CONCENTRATIONS**

For the years the ended December 31, 2024 and 2023, approximately 21% and 10% of SCHR total support and revenue was derived from one donor.