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GLOBAL RIGHTS
AUDITED FINANCIAL STATEMENTS
September 30, 2003 and 2002

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September 30, 2003

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To the Board of Directors
GLOBAL RIGHTS
Washington, DC

Independent Auditors' Report

We have audited the accompanying statements of financial position of Global Rights as of September 30, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Global Rights' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Global Rights as of September 30, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2004, on our consideration of Global Rights' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Bethesda, MD
January 12, 2004

Capron & Associates, LLP

GLOBAL RIGHTS
STATEMENTS OF FINANCIAL POSITION
As of September 30, 2003 and 2002

	<u>2003</u>	<u>Restated 2002</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 507,436	\$ 536,518
Accounts receivable	68,688	156,217
Unconditional promises to give	966,290	1,117,587
Investments	20,937	15,582
Prepaid expenses	67,516	130,408
	<hr/>	<hr/>
Total Current Assets	1,630,867	1,956,312
LONG-TERM UNCONDITIONAL PROMISE TO GIVE	-	626,950
FIXED ASSETS		
Furniture and equipment	230,711	223,083
Leasehold improvements	32,229	32,229
	<hr/>	<hr/>
	262,940	255,312
Accumulated depreciation	(223,863)	(194,569)
	<hr/>	<hr/>
Net Fixed Assets	39,077	60,743
OTHER ASSETS		
Rent deposit	13,100	13,269
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,683,044</u>	<u>\$ 2,657,274</u>

-Continued-

GLOBAL RIGHTS
STATEMENTS OF FINANCIAL POSITION (Continued)
As of September 30, 2003 and 2002

	<u>2003</u>	<u>Restated 2002</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 103,339	\$ 110,803
Accrued payroll and vacation	44,382	32,561
Capital lease payable - current portion	7,576	10,838
Deferred revenue	552,990	418,091
	<hr/>	<hr/>
Total Current Liabilities	708,287	572,293
LONG-TERM LIABILITIES		
Capital lease payable - long-term portion	3,199	10,774
Deferred rent	44,518	56,788
	<hr/>	<hr/>
Total Long-Term Liabilities	47,717	67,562
	<hr/>	<hr/>
TOTAL LIABILITIES	756,004	639,855
	<hr/>	<hr/>
NET ASSETS		
Unrestricted	(210,240)	(56,103)
Temporarily restricted	1,137,280	2,073,522
	<hr/>	<hr/>
Total Net Assets	927,040	2,017,419
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,683,044	\$ 2,657,274
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The accompanying notes are an integral part of these financial statements.

GLOBAL RIGHTS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2003

	2003		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Grants:			
Federal awards	\$ 3,550,556		\$ 3,550,556
Other		\$ 1,483,129	1,483,129
Contributions	101,637		101,637
Investment income	7,134		7,134
Other income (loss)	(13,451)		(13,451)
Net assets released from restrictions:			
Satisfaction of program restrictions	2,419,371	(2,419,371)	-
TOTAL REVENUE	6,065,247	(936,242)	5,129,005
EXPENSES			
Programs	4,893,013		4,893,013
General administration	1,074,789		1,074,789
Fundraising	232,521		232,521
TOTAL EXPENSES	6,200,323		6,200,323
Loss in field	19,061		19,061
TOTAL EXPENSES AND LOSSES	6,219,384		6,219,384
CHANGE IN NET ASSETS	(154,137)	(936,242)	(1,090,379)
NET ASSETS,			
BEGINNING OF YEAR	(56,103)	2,073,522	2,017,419
NET ASSETS, END OF YEAR	\$ (210,240)	\$ 1,137,280	\$ 927,040

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

GLOBAL RIGHTS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2002

	Restated 2002		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Grants:			
Federal awards	\$ 4,078,532		\$ 4,078,532
Other		\$ 3,254,857	3,254,857
Contributions	44,343		44,343
Annual dinner	207,070		207,070
Investment income	5,326		5,326
Other income	1,606		1,606
Net assets released from restrictions:			
Satisfaction of program restrictions	1,824,227	(1,824,227)	-
TOTAL REVENUE	6,161,104	1,430,630	7,591,734
EXPENSES			
Programs	4,827,718		4,827,718
General administration	1,010,011		1,010,011
Fundraising	259,974		259,974
TOTAL EXPENSES	6,097,703		6,097,703
Loss in field	5,000		5,000
TOTAL EXPENSES AND LOSSES	6,102,703		6,102,703
CHANGE IN NET ASSETS	58,401	1,430,630	1,489,031
NET ASSETS,			
BEGINNING OF YEAR	(114,504)	642,892	528,388
NET ASSETS, END OF YEAR	\$ (56,103)	\$ 2,073,522	\$ 2,017,419

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

GLOBAL RIGHTS
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2003 and 2002

	<u>2003</u>	<u>Restated 2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,090,379)	\$ 1,489,031
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	29,294	38,996
Unrealized gain on investments	(3,104)	(2,433)
In-kind contributions	(2,250)	-
(Increase) decrease in accounts receivable	87,528	(131,594)
(Increase) decrease in unconditional promises to give	778,247	(1,088,623)
(Increase) decrease in prepaid expenses	62,892	(42,601)
(Increase) decrease in rent deposits	169	(169)
Increase (decrease) in accounts payable and accrued expenses	4,357	(148,463)
Increase in deferred revenue	134,899	45,224
Decrease in deferred rent	(12,270)	(357)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(10,617)	159,011
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(7,628)	-

-Continued-

GLOBAL RIGHTS
STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended September 30, 2003 and 2002

	<u>2003</u>	<u>Restated 2002</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital leases	\$ (10,837)	\$ (14,150)
NET INCREASE (DECREASE) IN CASH	(29,082)	144,861
CASH - BEGINNING OF YEAR	536,518	391,657
CASH - END OF YEAR	<u>\$ 507,436</u>	<u>\$ 536,518</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest expense	<u>\$ 2,484</u>	<u>\$ 4,098</u>

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

GLOBAL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE A - THE ORGANIZATION

Global Rights (“The Organization”), formerly known as International Human Rights Law Group, is a nonpartisan, public interest organization founded in 1978 and based in Washington, D.C. The Organization works to promote and protect human rights around the world through the application of international human rights law.

Global Rights is funded principally by grants and contributions from government agencies, law firms, foundations, corporations and individuals. The Organization also receives funding by sponsoring an annual awards ceremony to recognize outstanding individuals and organizations who have made significant contributions to the promotion of human rights.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements have been prepared using the accrual basis of accounting.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles (GAAP), requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fixed Assets - The Organization capitalizes purchases of office furniture and office equipment which exceeds \$1,000 and computer equipment which exceeds \$5,000, unless the purchase is specifically provided for as part of a grant agreement, in which case, the purchase is recognized as an expense in the period incurred. Capitalized fixed assets are recorded at cost, and their depreciation is computed using the straight-line method over estimated useful lives as follows:

	<u>Estimated Useful Life</u>
Furniture and fixtures	7 years
Equipment	5 years
Software	3 years
Leasehold improvements	10 years or remaining life of lease, whichever is less

GLOBAL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets (continued) - The Organization leases telephone equipment, three photocopiers, and a fax machine under capital lease agreements. The original cost of this leased equipment is \$67,719, and is included in furniture and equipment in the statements of financial position; the book value as of September 30, 2003 and 2002, was \$8,070 and \$19,245, respectively.

Depreciation expense of \$29,294 and \$38,996 was recorded for the years ended September 30, 2003 and 2002, respectively.

Income Taxes - The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified by the IRS as a private foundation.

Cash and Cash Equivalents - The Organization considers all highly liquid assets such as money market funds, to be cash equivalents. At September 30, 2003 and 2002, the Organization had cash balances of \$507,435 and \$575,404, respectively, which include uninsured cash balances of \$124,690 and \$242,075 in domestic accounts, and \$245,704 and \$238,602 in foreign accounts.

As required by the National Endowment for Democracy, the Organization maintains a separate cash account for each project funded by it.

Revenue Recognition - The Organization reports grants and contributions 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.

NOTE C - PROMISES TO GIVE

Unconditional promises to give at September 30, 2003 and 2002 are as follows:

	<u>2003</u>	<u>2002</u>
Receivable in less than one year	\$ 966,290	\$ 1,117,587
Receivable in less than two years	<u>-</u>	<u>626,950</u>
Total Unconditional Promises to Give	<u>\$ 966,290</u>	<u>\$ 1,744,537</u>

GLOBAL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

As of September 30, 2003 and 2002, the Organization's temporarily restricted net assets were available for the following purposes:

	<u>2003</u>	<u>2002</u>
Program Activities:		
US programs	\$ 242,120	\$ 626,163
Trafficking	19,264	38,971
WRAP	93,705	253,268
Nigeria	305,402	435,904
Latin America	133,754	477,925
Burundi	-0-	635
Sierra Leone	-0-	32,856
Afghanistan	143,035	7,800
Time restricted	<u>200,000</u>	<u>200,000</u>
Total	<u>\$1,137,280</u>	<u>\$2,073,522</u>

NOTE E - INVESTMENTS

The Organization's investments consist of equity securities stated at their fair value of \$20,937 and \$15,582 as of September 30, 2003 and 2002, respectively.

Investment income for the years ended September 30, 2003 and 2002 is summarized as follows:

	<u>2003</u>	<u>2002</u>
Interest and dividend income	\$ 4,030	\$ 2,893
Net unrealized gains	<u>3,104</u>	<u>2,433</u>
Total Investment Income	<u>\$ 7,134</u>	<u>\$ 5,326</u>

GLOBAL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE F - LEASES

The Organization leases office space at 1200 18th Street, N.W. on the 6th floor under a ten year lease which expires on November 30, 2007. During 2003, the Organization renewed its lease on the 3rd floor office space which will now expire on November 30, 2007. The lease for the 6th floor space contains a partial abatement of rent during the first 60 months of the lease. In accordance with generally accepted accounting principles (GAAP), rent expense has been recorded on the straight-line basis over the lease term.

The Organization also has capital leases for the following office equipment: photocopiers and a fax machine capitalized at \$32,676 under a 5-year lease agreement that expires April 2004; telephone equipment capitalized at \$23,690, under a 5-year lease agreement that expired November 2002; and a photocopier capitalized at \$11,354, under a five year lease agreement that expires September 2005.

Future minimum lease payments under the Organization's capital and operating leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Capital</u> <u>Leases</u>	<u>Operating</u> <u>Leases</u>
2004	\$ 8,670	\$ 206,579
2005	3,539	206,579
2006	-0-	206,579
2007	-0-	206,579
2008	<u>-0-</u>	<u>34,429</u>
Total	12,209	<u>\$ 860,745</u>
Less - amount representing interest	<u>(1,434)</u>	
Present value of capital lease obligations	10,775	
Less - current portion	<u>(7,576)</u>	
Long-term capital lease obligation	<u>\$ 3,199</u>	

GLOBAL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE G - DONATED SERVICES

During the years ended September 30, 2003 and 2002, at the direction of the Organization, certain professional services were provided, at no cost to the Organization, in connection with the USAID sponsored projects with the International Foundation for Election Systems (IFES) Leader Agreement, Strengthening Judicial Systems and Promoting Reconciliation Process in Democratic Republic of Congo and Strengthening Civil Society in Burundi. Also during 2003, donated professional services were provided in connection with the USAID sponsored projects with the Center for Development and Population Activities (CEDPA) on Democracy, Governance and Civil Society in Nigeria. The services were provided by attorneys, legal interns, and other individuals with knowledge of the law. The fair value of these donated services during 2003 and 2002 was determined to be \$83,850 and \$367,270, respectively. These amounts were based on each professional's normally charged hourly rate or, if no such rate exists, an hourly rate which a professional with similar skills and experience would reasonably charge. In addition, access to an online information service, was also donated during 2003 and 2002, the value of which was \$6,056 and \$4,140, respectively, based on the standard market rate charged for this service.

The Organization would not have otherwise purchased these services if they had not been donated, and as such has not included their value in the accompanying financial statements.

NOTE H - CONTINGENCIES

The Organization's grants are subject to audit by the U.S. government. Until such audits have been completed and final settlement reached, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management is of the opinion that no significant liability will result, if any, as a result of audits of such government grants.

NOTE I - CONCENTRATION OF FUNDING

The Organization received approximately 54% and 63% of its revenue during the years ended September 30, 2003 and 2002, respectively, either directly or indirectly, from the U.S. Agency for International Development.

GLOBAL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE J - PENSION PLAN

The Organization has a retirement plan which enables participants to defer a portion of their salary before taxes to purchase retirement annuity benefits pursuant to Section 403(b) of the Internal Revenue Code.

NOTE K - PRIOR PERIOD ADJUSTMENT

During 2003, the Organization identified and recorded a loss of cash in a field office. The total amount of the loss was \$57,946, of which \$19,061 and \$5,000 were lost during the during fiscal years ended September 30, 2003 and 2002, respectively, and \$33,885 was lost in periods prior to 2002.

The September 30, 2002 statement of financial position and statement of activities have been restated to reflect a decrease in unrestricted net assets of \$5,000, and associated decrease in cash of this same amount. The restatement of periods prior to 2002, resulted in a decrease in unrestricted net assets of \$33,885 as of September 30, 2001.

ADDITIONAL INFORMATION

To the Board of Directors
GLOBAL RIGHTS
Washington, DC

Independent Auditors' Report on Additional Information

Our audit of the financial statements of Global Rights for the year ended September 30, 2003, was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bethesda, MD
January 12, 2004

Capron & Associates, LLP

GLOBAL RIGHTS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2003
(With Comparative Totals Presented for the Year Ended September 30, 2002)

		Program Services							
		U S / WCAR		Latin America		WRAP	Cambodia	Leader	
		Programs	Bosnia	Brazil	Nigeria	Trafficking	Defenders	IFES	Congo (DRC)
1	Home office salaries	\$ 130,181	\$ 52,346	\$ 139,036	\$ 147,396	\$ 146,489		\$ 73,358	\$ 148,819
2	Home office benefits	17,788	438	14,827	15,103	21,936		10,766	12,801
3	Local employees wages		47,710	28,480	124,998			10,834	235,602
4	Local employees benefits		405	6,496	1,798				1,473
5	Consultant fees	1,998	5,372	16,382	4,899	5,600		5,100	24,984
6	Housing allowance								50,321
7	Subrecipient awards				299,907				11,380
8	Rent and utilities	15,992	16,437	21,864	39,397	19,476		11,319	53,386
9	Telephone and fax	4,806	10,245	8,290	23,604	12,795		2,723	54,333
10	Property insurance			134	3,000				
11	Office supplies	1,613	2,461	4,208	13,862	1,244		377	13,122
12	Copying and printing	4,849	3,870	1,576	34,297	1,728		299	5,507
13	Postage and delivery	2,328	2,323	2,999	10,783	1,309		644	7,162
14	Education and seminars	150		8,333	1,626	45			2,421
15	Subscription, dues, and publications	457	940	4,339	105,831	732		62	1,389
16	Meetings and events	10,275	6,484	5,176	195,993	1,248		1,636	3,481
17	Travel and meals	124,693	18,845	61,811	85,640	27,774		31,000	163,619
18	Supplies and equipment	48	569	4,236	14,785	300		577	50,795
19	Repairs and maintenance	528	273	8,581	8,108	201		100	7,991
20	Depreciation								
21	Professional fees	9,754	5,737	10,145	3,975	2,103		521	10,233
22	Recruitment		70	37	94	50			125
23	Bank service charges & interest expense		2,242	327	5,768	30		80	14,940
24	Miscellaneous								
TOTAL EXPENSES - 2003		<u>\$ 325,459</u>	<u>\$ 176,768</u>	<u>\$ 347,274</u>	<u>\$ 1,140,864</u>	<u>\$ 243,061</u>	<u>\$ -</u>	<u>\$ 149,396</u>	<u>\$ 873,887</u>
TOTAL EXPENSES - 2002		<u>\$ 79,163</u>	<u>\$ 182,164</u>	<u>\$ 320,712</u>	<u>\$ 998,308</u>	<u>\$ 185,700</u>	<u>\$ 328,342</u>	<u>\$ 24,257</u>	<u>\$ 964,479</u>

							Support Services		TOTAL 2003	TOTAL 2002
	Middle East	Burundi	Afghanistan	Sierra Leone	Other	Total	General Adminstration	Fundraising		
1	\$ 90,593	\$ 80,992	\$ 103,930	\$ 29,429	\$ 22,732	\$ 1,165,303	\$ 555,763	\$ 83,439	\$ 1,804,505	\$ 1,669,909
2	11,816	11,148	14,685	4,015	2,897	138,219	86,474	11,052	235,745	209,745
3	59,965	160,430	43,166	37,648		748,833			748,833	519,053
4		1,349		2,000		13,520			13,520	-
5	5,000	85,408	27,634	1,466	12,000	195,842	68,611	19,495	283,948	271,719
6	6,600	1,124	9,600	4,500		72,145			72,145	70,611
7	36,689					347,976			347,976	667,846
8	19,669	24,941	77,429	17,038	3,055	320,002	70,599	10,357	400,958	368,112
9	9,165	26,405	30,023	7,047	2,354	191,791	32,120	1,229	225,140	247,905
10	28					3,162	1,325		4,487	4,554
11	7,344	16,420	14,035	2,318	380	77,386	23,042	5,442	105,870	154,067
12	12,105	4,698	4,602	255	536	74,321	11,275	6,243	91,839	113,835
13	8,042	2,578	2,434	1,650	1,214	43,466	4,322	4,069	51,857	57,962
14	50	1,987	360			14,971	2,118	490	17,579	25,388
15	2,378	444	3,633			120,205	10,203	2,890	133,299	38,141
16	9,783	11,603	5,931	28,639	1,536	281,785	6,381	25,199	313,365	331,508
17	32,266	127,216	117,382	18,533	22,746	831,525	13,366	5,598	850,489	801,708
18	2	730	10,814	10,206		93,063	24,813	4,274	122,151	122,710
19	3,065	1,203	12,890	29	29	42,997	5,390	515	48,902	43,022
20						-	29,294		29,294	38,996
21	10,605	1,426	25,593	2,145	2,466	84,704	110,424	2,630	197,758	273,017
22	56	106	69	19		626	7,000	49,598	57,224	23,144
23	274	4,957	295	1,682	575	31,171	11,727		42,897	43,229
24						-	543		543	1,521
	<u>\$ 325,496</u>	<u>\$ 565,165</u>	<u>\$ 504,504</u>	<u>\$ 168,621</u>	<u>\$ 72,519</u>	<u>\$ 4,893,013</u>	<u>\$ 1,074,789</u>	<u>\$ 232,521</u>	<u>\$ 6,200,323</u>	
	<u>\$ 248,419</u>	<u>\$ 525,301</u>	<u>\$ 478,222</u>	<u>\$ 306,945</u>	<u>\$ 185,706</u>	<u>\$ 4,827,718</u>	<u>\$ 1,010,011</u>	<u>\$ 259,974</u>		<u>\$ 6,097,703</u>