

Human Rights Watch, Inc.

Financial Statements
Year Ended June 30, 2012

Human Rights Watch, Inc.

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Human Rights Watch, Inc.

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Independent Auditors' Report

Board of Directors
Human Rights Watch, Inc.
New York, New York

We have audited the accompanying statement of financial position of Human Rights Watch, Inc. as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Human Rights Watch, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended June 30, 2011 is presented for comparative purposes only and was extracted from the financial statements of Human Rights Watch, Inc. for that year, on which we expressed an unqualified opinion, dated September 30, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Human Rights Watch, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Human Rights Watch, Inc. as of June 30, 2012, and its changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BDO USA, LLP

January 11, 2013

Human Rights Watch, Inc.
Statement of Financial Position
(with comparative totals for 2011)

<i>June 30,</i>	2012	2011
Assets		
Cash and cash equivalents (Note 2)	\$ 32,971,423	\$ 24,636,942
Investments, at fair value (Note 3)	76,140,410	74,778,549
Investments in limited partnerships (Note 4)	14,036,967	13,558,554
Contributions receivable, net of allowance of \$240,875 for both years (Note 5)	101,194,982	97,673,792
Other receivables	1,677,802	1,084,046
Prepaid expenses and other assets	669,386	763,276
Security deposits	242,907	170,952
Fixed assets, net (Note 7)	2,578,006	2,606,908
	\$229,511,883	\$215,273,019
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,877,329	\$ 2,539,105
Accrued pension expense	100,236	97,748
Deferred rent	691,700	581,240
Deferred revenue	21,480	21,480
Total Liabilities	5,690,745	3,239,573
Commitments and Contingencies (Notes 11 and 13)		
Net Assets:		
Unrestricted (Note 2)	18,705,055	7,834,737
Temporarily restricted (Notes 2, 8 and 9)	205,116,083	204,198,709
Total Net Assets	223,821,138	212,033,446
	\$229,511,883	\$215,273,019

See accompanying notes to financial statements.

Human Rights Watch, Inc.
Statement of Activities
(with comparative totals for 2011)

Year ended June 30,

	Unrestricted	Temporarily Restricted	Total	
			2012	2011
Public Support and Revenue:				
Public support:				
Contributions and grants (Note 6)	\$30,136,417	\$ 32,403,290	\$ 62,539,707	\$128,171,271
Special events	10,514,594	-	10,514,594	8,033,304
Total Public Support	40,651,011	32,403,290	73,054,301	136,204,575
Revenue:				
Net investment income (loss)	(404,439)	(2,761,564)	(3,166,003)	13,027,522
Net investment income from limited partnerships	-	442,801	442,801	2,296,379
Publications	67,549	-	67,549	62,246
Other	113,260	-	113,260	79,352
Total Revenue	(223,630)	(2,318,763)	(2,542,393)	15,465,499
Net assets released from restrictions (Note 8)	29,167,153	(29,167,153)	-	-
Total Public Support and Revenue	69,594,534	917,374	70,511,908	151,670,074
Expenses:				
Program services:				
Africa	6,404,355	-	6,404,355	5,859,910
Americas	1,755,871	-	1,755,871	1,331,448
Asia	5,443,146	-	5,443,146	4,629,535
Europe and Central Asia	4,282,969	-	4,282,969	4,123,959
Middle East and North Africa	3,867,015	-	3,867,015	3,104,643
United States	2,367,775	-	2,367,775	1,105,571
Children's Rights	1,873,626	-	1,873,626	1,551,463
Health and Human Rights	2,077,916	-	2,077,916	1,962,015
International Justice	1,587,843	-	1,587,843	1,325,749
Women's Rights	2,533,126	-	2,533,126	2,083,890
Other programs (Note 12)	13,477,056	-	13,477,056	11,384,854
Total Program Services	45,670,698	-	45,670,698	38,463,037
Supporting services:				
Management and general	3,493,157	-	3,493,157	3,130,051
Fundraising	9,560,361	-	9,560,361	9,045,910
Total Supporting Services	13,053,518	-	13,053,518	12,175,961
Total Expenses	58,724,216	-	58,724,216	50,638,998
Change in Net Assets:				
Unrestricted	10,870,318	-	10,870,318	1,879,623
Temporarily restricted	-	917,374	917,374	99,151,453
Total Change in Net Assets	10,870,318	917,374	11,787,692	101,031,076
Net Assets, Beginning of Year	7,834,737	204,198,709	212,033,446	111,002,370
Net Assets, End of Year	\$18,705,055	\$205,116,083	\$223,821,138	\$212,033,446

See accompanying notes to financial statements.

Human Rights Watch, Inc.

Statement of Functional Expenses (with comparative totals for 2011)

Year ended June 30,

	Africa	Americas	Asia	Europe & Central Asia	Middle East & North Africa	United States	Children's Rights	Health & Human Rights	International Justice	Women's Rights	Other Programs	Total	Management and General	Fundraising	Total	2012	2011
Salaries and Related Expenses:																	
Salaries	\$2,784,639	\$ 900,359	\$2,682,899	\$2,144,369	\$1,798,110	\$1,229,634	\$ 957,647	\$1,057,618	\$ 823,712	\$1,289,186	\$ 5,870,498	\$21,538,671	\$1,293,313	\$3,260,795	\$ 4,554,108	\$26,092,779	\$22,304,801
Insurance and employee benefits	410,301	131,364	358,022	319,353	255,661	168,951	135,577	140,837	115,519	194,073	949,488	3,179,146	191,901	540,419	732,320	3,911,466	3,491,461
Retirement plans	169,824	53,775	173,591	127,000	128,240	65,925	66,538	81,274	63,402	93,479	379,369	1,402,417	100,703	205,659	306,362	1,708,779	1,537,952
Payroll taxes	214,438	71,794	198,612	159,137	155,789	108,554	114,103	83,831	102,690	108,343	707,465	2,024,756	148,713	362,491	511,204	2,535,960	2,006,541
Total Salaries and Related Expenses	3,579,202	1,157,292	3,413,124	2,749,859	2,337,800	1,573,064	1,273,865	1,363,560	1,105,323	1,685,081	7,906,820	28,144,990	1,734,630	4,369,364	6,103,994	34,248,984	29,340,755
Consultant's fees	176,365	19,635	216,761	38,729	103,890	9,023	6,204	15,062	65,421	19,556	329,441	1,000,087	20,790	60,384	81,174	1,081,261	1,714,929
Publications	140,437	33,386	162,006	94,764	150,994	42,290	47,347	54,348	22,823	37,557	514,597	1,300,549	36,545	42,595	79,140	1,379,689	1,079,181
Information services	28,064	6,149	18,760	16,906	11,880	10,936	23,093	10,022	4,478	11,897	41,377	183,562	23,556	30,109	53,665	237,227	233,853
Travel, meals and meetings	856,842	170,222	507,279	409,842	446,318	168,309	176,863	268,449	122,772	271,005	1,306,613	4,704,514	185,634	409,545	595,179	5,299,693	4,503,907
Outreach	-	-	-	-	-	-	-	-	-	-	369,360	369,360	-	-	-	369,360	359,322
Special projects	539,514	6,016	180,859	164,511	132,150	(573)	256	3,212	(142)	3,538	301,232	1,330,573	(1,763)	-	(1,763)	1,328,810	967,136
Special events	-	-	-	-	-	-	272	-	-	-	451,614	451,886	-	2,082,414	2,082,414	2,534,300	2,030,429
Direct mail	-	-	-	-	-	-	-	-	-	-	-	-	-	1,616,216	1,616,216	1,616,216	1,804,403
Occupancy	379,580	127,779	330,723	282,618	240,526	198,039	120,012	127,779	93,955	177,388	681,934	2,760,333	524,798	445,230	970,028	3,730,361	3,120,374
Office expenses	274,403	92,373	239,084	204,308	173,879	143,165	86,758	92,373	67,922	128,236	359,468	1,861,969	379,383	113,785	493,168	2,355,137	2,321,120
Postage and delivery	13,348	3,610	13,454	11,565	6,434	7,010	6,981	3,702	2,784	5,337	68,317	142,542	14,764	44,548	59,312	201,854	270,815
Telephone and fax	99,224	33,402	86,453	73,878	62,875	51,769	31,372	33,402	24,561	46,370	129,573	672,879	137,185	-	137,185	810,064	710,080
Professional fees	205,925	68,489	177,537	153,007	129,646	106,595	65,365	68,489	50,359	95,077	776,912	1,897,401	281,282	200,745	482,027	2,379,428	1,238,378
Total Expenses Before Depreciation and Amortization	6,292,904	1,718,353	5,346,040	4,199,987	3,796,392	2,309,627	1,838,388	2,040,398	1,560,256	2,481,042	13,237,258	44,820,645	3,336,804	9,414,935	12,751,739	57,572,384	49,694,682
Depreciation and Amortization	111,451	37,518	97,106	82,982	70,623	58,148	35,238	37,518	27,587	52,084	239,798	850,053	156,353	145,426	301,779	1,151,832	944,316
	\$6,404,355	\$1,755,871	\$5,443,146	\$4,282,969	\$3,867,015	\$2,367,775	\$1,873,626	\$2,077,916	\$1,587,843	\$2,533,126	\$13,477,056	\$45,670,698	\$3,493,157	\$9,560,361	\$13,053,518	\$58,724,216	\$50,638,998

See accompanying notes to financial statements.

Human Rights Watch, Inc.
Statement of Cash Flows
(with comparative totals for 2011)

<i>Year ended June 30,</i>	2012	2011
Cash Flows From Operating Activities:		
Change in net assets	\$11,787,692	\$101,031,076
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,151,832	944,316
Realized gain on investments	(2,300,092)	(4,945,478)
Unrealized (gain) loss on investments	5,024,001	(10,373,698)
Change in discount on contributions receivable	(617,243)	7,812,487
Decrease (increase) in assets:		
Contributions receivable	(2,903,947)	(84,744,521)
Other receivables	(593,756)	(221,254)
Prepaid expenses and other assets	93,890	(419,424)
Security deposits	(71,955)	6,257
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	2,338,224	399,558
Accrued pension expense	2,488	6,194
Deferred rent	110,460	(93,392)
Deferred revenue	-	(1,095)
Net Cash Provided By Operating Activities	14,021,594	9,401,026
Cash Flows From Investing Activities:		
Net purchases of investments	(4,564,183)	(1,985,237)
Purchases of fixed assets	(1,122,930)	(1,647,923)
Net Cash Used In Investing Activities	(5,687,113)	(3,633,160)
Net Increase in Cash and Cash Equivalents	8,334,481	5,767,866
Cash and Cash Equivalents, Beginning of Year	24,636,942	18,869,076
Cash and Cash Equivalents, End of Year	\$32,971,423	\$ 24,636,942

See accompanying notes to financial statements.

Human Rights Watch, Inc.

Notes to Financial Statements

1. Nature of Organization

Human Rights Watch, Inc. ("HRW") is a nonprofit organization that works to stop human rights abuses. Currently, it monitors and promotes human rights in over 80 countries worldwide. Its program is divided into five parts for each region of the world plus the United States and thematic programs devoted to women's rights, children's rights, refugees, military affairs, international justice, terrorism/counterterrorism, the human rights responsibilities of corporations, gay and lesbian rights, and health and human rights.

HRW obtains financial support from the public - primarily individuals and foundations, but also estates, trusts and businesses. It does not seek or accept financial support from any government or government-funded agency. Principal offices in 2012 were located in New York, Washington, London, Brussels, Berlin, Chicago, Los Angeles, San Francisco, Toronto, Moscow, Geneva, Paris, Johannesburg and Tokyo.

2. Summary of Significant Accounting Policies

(a) General

The financial statements have been prepared on an accrual basis. In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

(b) Financial Statement Presentation

The classification of HRW's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

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

(c) Cash and Cash Equivalents

HRW considers all money market funds and investments with maturities of three months or less at the time of purchase to be cash equivalents.

Human Rights Watch, Inc.

Notes to Financial Statements

(d) Contributions Receivable and Allowances

HRW reports unconditional promises to give as contributions. If amounts are expected to be collected within one year, they are recorded at net realized value. If amounts are expected to be collected in future years, they are recorded at the net present value of their estimated future cash flows.

HRW uses the allowance method for uncollectible unconditional promises receivable. 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 allowance may be necessary if there are significant changes in economic conditions.

(e) Contributed Services

For the year ended June 30, 2012, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist HRW. HRW receives more than 5,000 volunteer hours per year.

(f) Investments at Fair Value

Investments are stated at fair value. All investments for which market values are not readily available (including investments which are subject to limitations as to their sale) are valued at fair value as determined in good faith by the management of HRW although the actual calculations may be done by others.

(g) Financial Instruments and Fair Value

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

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

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

Human Rights Watch, Inc.

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

(h) Investments in Limited Partnerships

HRW's investments in limited partnerships ("investment entities") are accounted for under the equity method. These investments are stated at fair value based upon HRW's equity interest reported by the investment entities. Income is recorded on a quarterly basis upon receipt of reports submitted by the investment entities.

Investment entities and other investment companies are selected by the Investment Committee which receives offering documents and performance history of each investment manager. The Investment Committee interviews the manager to determine whether the investment philosophy (particularly with respect to risk) and strategies of the partnership are in the best interests of HRW. Only after the Investment Committee makes a positive recommendation does HRW invest in an investment entity. In addition, the actions of the Investment Committee are subject to review and approval by the Board of Directors of HRW, as the case may be.

(i) Endowment Fund

The Endowment Fund represents the principal amount of gifts accepted with the stipulation of the donors or the Board of Directors that the principal be maintained intact until the occurrence of a specified event. The Endowment Fund has been established under a formal arrangement whereby HRW can spend no more than 5% of the Endowment Fund value, as defined, each year for operations. In the case of exceptional circumstances, as declared by a vote of two-thirds of the Board of Directors, HRW may spend more than the previously stated 5%. The net assets of the Endowment Fund relating to assets received as part of the 1998 Endowment Campaign have been designated as temporarily restricted. The Endowment Fund net asset value at June 30, 2012 was \$83,741,968.

(j) Investment Impairment

HRW's investments consist of corporate bonds, US government obligations, equity securities, mutual funds and limited partnerships. At June 30, 2012, HRW has deemed that all securities, which were in an unrealized loss position, were temporarily impaired. Positive evidence considered in reaching HRW's conclusion that the investments in an unrealized loss position are not other-than-temporarily impaired consisted of:

- (i)* there were no specific events which caused concerns;
- (ii)* HRW's ability and intent to retain the investment for a sufficient amount of time to allow an anticipated recovery in value; and
- (iii)* HRW also determined that the changes in market value were considered normal in relation to overall fluctuations in market conditions.

(k) Fixed Assets

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

Furniture and fixtures	7 years
Office equipment	5 years
Computer hardware and software	5 years

Human Rights Watch, Inc.

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Leasehold improvements are depreciated over the shorter of the term of the lease or their useful lives.

(l) Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on an individual basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(m) Revenue Recognition

The operations of HRW are financed principally by foundation grants and contributions received from the general public. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or absence of any donor restrictions. 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.

(n) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and other disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

(o) Income Taxes

HRW is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for income taxes in the accompanying financial statements. HRW has been determined by the Internal Revenue Service ("IRS") not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2012.

(p) Accounting for Uncertainty in Income Taxes

HRW adopted the provisions of ASC 740, "Income Taxes". Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained upon examination by a taxing authority. HRW does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. HRW has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, HRW has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended June 30, 2012, there was no interest or penalties recorded or included in the statements of activities. Tax returns for the years ended June 30, 2009 through 2011 are subject to audit by the IRS.

(q) Concentration of Credit Risk

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

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Notes to Financial Statements

(r) Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with HRW's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

(s) New Accounting Pronouncement

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs". ASU 2011-04 amended ASC 820 to provide a consistent definition of fair value and improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRSs. Some of the amendments clarify the application of existing fair value measurement and disclosure requirements, while other amendments change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. HRW's management is currently evaluating the effect that the provisions of ASU 2011-04 will have on HRW's financial statements.

3. Fair Value Measurements

HRW's holdings in stocks consist principally of equity securities carried at their aggregate market value that is determined by quoted market prices. Each of the above investments can be liquidated daily. The valuation of the above is based on Level 1 inputs within the hierarchy used in measuring fair value.

HRW also has investments in mutual funds and fixed income securities which include corporate bonds and U.S. Treasury securities. The investment managers priced these investments using nationally recognized pricing services. Since fixed income securities other than U.S. Treasury securities may not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using its proprietary pricing applications which include available relevant market information, benchmark curves, benchmarking of similar securities, sector grouping and matrix pricing. The mutual funds are valued on a daily basis at the close of business day. Each mutual fund's net asset value ("NAV") is the value of a single share which is actively traded on national securities exchanges. These investments are classified as Level 2.

Alternative investments are those made in limited partnerships, offshore limited liability companies and private equity concerns, all of which are valued based on Level 3 inputs within the investment hierarchy used in measuring fair value. Given the absence of market quotations, their fair value is estimated using information provided to HRW by the investment managers or general partners.

Human Rights Watch, Inc.

Notes to Financial Statements

The following table presents the level within the fair value hierarchy at which HRW's financial assets are measured on a recurring basis at June 30, 2012:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2012
Corporate bonds:				
Energy	\$ -	\$ 154,395	\$ -	\$ 154,395
Consumer staples	-	196,557	-	196,557
Financial	-	2,555,423	-	2,555,423
Telecommunications	-	789,693	-	789,693
Other	-	7,708	-	7,708
U.S. government obligations	-	4,466,581	-	4,466,581
Certificates of deposit	209,889	-	-	209,889
Equity securities:				
Energy	1,402,069	-	-	1,402,069
Materials	1,042,490	-	-	1,042,490
Industrial	3,542,642	-	-	3,542,642
Consumer discretionary	1,654,572	-	-	1,654,572
Consumer staples	119,064	-	-	119,064
Health care	256,385	-	-	256,385
Financial	575,966	-	-	575,966
Information technology	1,473,226	-	-	1,473,226
Telecommunications	152,357	-	-	152,357
Utilities	44,118	-	-	44,118
Other	43,926	-	-	43,926
Mutual funds:				
Index	-	31,174,252	-	31,174,252
Total return	-	3,683,549	-	3,683,549
Commodities	1,707,867	-	-	1,707,867
Emerging markets	4,033,277	-	-	4,033,277
U.S. government obligations	-	2,679,090	-	2,679,090
Alternative investments:				
Pooled investments and fund of funds	-	-	28,212,281	28,212,281
Total	\$16,257,848	\$45,707,248	\$28,212,281	\$90,177,377

The following table sets forth changes in the assets measured at fair value using Level 3 inputs on a recurring basis for the year ended June 30, 2012:

Description	Balance at June 30, 2011	Capital Contribution	Sales	Realized Gain/(Loss)	Unrealized Loss	Balance at June 30, 2012
Investment portfolio:						
Hedge funds and pooled investments	\$15,332,852	\$ -	\$(1,021,193)	\$ (27,969)	\$(108,376)	\$14,175,314
Limited partnerships	13,558,554	1,256,500	(1,220,888)	782,067	(339,266)	14,036,967
	\$28,891,406	\$1,256,500	\$(2,242,081)	\$754,098	\$(447,642)	\$28,212,281

Human Rights Watch, Inc.

Notes to Financial Statements

The following table represents the fair market value and gross unrealized losses for securities where the estimated fair value had declined and remained below cost by less than 12 months or 12 months or more as of June 30, 2012:

Description of securities:	June 30, 2012					
	Less Than 12 Months		12 Months or More		Total	
	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses
Common stock	\$1,923,153	\$319,705	\$1,320,453	\$348,678	\$3,243,606	\$668,383

In accordance with ASU 2009-12, HRW expanded its disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share or its equivalent for which the fair value is not readily determinable, as of June 30, 2012. The following table for June 30, 2012, sets forth a summary of the HRW's investments with a reported net asset value:

Fair Value Estimated Using Net Asset Value per Share at June 30, 2012					
Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Davidson Kempner Distressed Opportunities International Ltd.	\$1,876,826		Annual	None	60
Anchorage Capital Partners Offshore Ltd.	1,551,513		Biennially	None	45
Taconic Offshore Fund 1.5 Ltd.	1,536,831		Annual	None	60
Fir Tree International Value Fund, Ltd.	1,762,554		Biennially	None	90
Mason Capital Ltd.	1,691,122		Annual	None	45
Kensico Offshore Fund II Ltd.	2,048,867		Annual	Three Year Lock-up Period expiring 6/30/14	90
Swiftcurrent Offshore Ltd.	1,516,850		Annual	None	60
Valinor Capital Partners Offshore Ltd. 1B Shares	1,083,407		Annual	33.3% Maximum Annually	60
Valinor Capital Partners Offshore Ltd. 1C Shares	1,093,417		Annual	None	60
Valinor Capital Partners Offshore Ltd. SP4 1B shares	6,957		Annual	33.3% Maximum Annually	60
Valinor Capital Partners Offshore Ltd. SP4 1C Shares	6,971		Annual	None	60
Private Equity Partners V	646,492	\$130,000	Daily	None	None
Private Equity Partners VI	1,279,852	134,950	Daily	None	None
Venture Partners V	960,926	45,412	Daily	None	None
Venture Partners VI	1,526,349	66,440	Daily	None	None
Venture Partners VII	875,843	140,500	Daily	None	None
Legacy Venture V	1,229,502	940,000	Daily	None	None
Mondarian International Fixed Income Fund LP	4,443,759		Daily	None	None
Davidson Kempner Institutional Partners LP	2,193,735		Quarterly	None	65
Westbrook Real Estate Fund VIII LP	597,840	600,463	Daily	None	None

Human Rights Watch, Inc.

Notes to Financial Statements

Fair Value Estimated Using Net Asset Value per Share at June 30, 2012

Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Dorchester Capital Secondaries Offshore II LP	\$ 282,643	\$427,115	Daily	None	None
Pimco Commodity Real Return Strategic Fund	3,683,549		Daily	None	None
Vanguard Institutional Index Fund	7,742,575		Daily	None	None
Vanguard Inter-Term Bond Index Fund	7,587,369		Daily	None	None
Vanguard FTSE All-World Fund	15,844,308		Daily	None	None
Vanguard Short-Term Treasury Fund	2,679,090		Daily	None	None
RF Lafferty Spdr Gold Trust	1,707,867		Daily	None	None
Vanguard MSCI Emerging Markets ETF	4,033,277		Daily	None	None

4. Investments in Limited Partnerships

As of June 30, 2012, \$14,036,967 (15.6%) of HRW's investment portfolio consisted of interests in limited partnerships, which are engaged in a variety of investment strategies. As audited financial statements of these partnerships are only available as at the prior year end (December 31, 2011), HRW uses a valuation process to determine the value at the close of its fiscal year (June 30, 2012). The valuation process utilizes a variety of due diligence efforts including, but not limited to, advice of its investment advisors, Cambridge Associates, benchmarking data of comparable partnerships which are available, fund manager credentials, and queries of the partnerships by their independent auditors. Investment gains resulting from these investments were \$442,801 as of June 30, 2012.

These investment entities invest in various domestic and international types of securities and derivative financial instruments. Redemptions of HRW's investments in these investment entities vary, but are primarily available at month-end, quarter-end, or year-end with appropriate notice. Management fees and incentive fees are charged by these investment entities at an annual rate ranging from .5% to 1.5% plus an incentive allocation, usually 20% of profits.

In general, risks associated with such investments include those related to their underlying investments.

There can be no assurance that HRW will continue to achieve the same level of returns on its investments in limited partnerships and other investment companies that it has received during the past periods or that it will achieve any returns on such investments at all. In addition, there can be no assurance that HRW will receive a return of all or any portion of its current or future capital investments in limited partnerships and other investment companies. The failure of HRW to receive the return of a material portion of its capital investments in these investments, or to achieve historic levels of returns on such investments, could have a material adverse effect on HRW's financial condition and results of operations.

Human Rights Watch, Inc.

Notes to Financial Statements

5. Contributions Receivable, Net

At June 30, 2012, the net present value of contributions receivable is \$101,194,982. Net present value was calculated using a discount rate equal to the risk-free interest rate, commensurate with the expected collection of the pledge based on the U.S. Treasury note interest rate in effect at the time contributions are made. The discount rate used in this calculation ranged from .81% to 2.95%.

Net present value of contributions receivable, net of a reserve for doubtful accounts, at June 30, 2012 is summarized below:

June 30, 2012

Total contributions receivable at June 30, 2012	\$109,040,859
Allowance for doubtful accounts	(240,875)
Total	108,799,984
Net present value discount	(7,605,002)
Net present value of contributions receivable at June 30, 2012	\$101,194,982

Amount due in:

One year	\$ 24,949,859
Two to five years	54,091,000
Thereafter	30,000,000
Total	\$109,040,859

6. Contributions and Grants

During the fiscal year ended June 30, 2011, HRW received a pledge from the Foundation to Promote Open Society, of which George Soros is Chairman, for general support totaling \$100,000,000. The grant is being paid in installments of \$10,000,000 over ten years and was recorded as temporarily restricted income in the statement of activities at its net present value. Through June 30, 2012, HRW has received \$20,000,000 towards the fulfillment of the pledge.

7. Fixed Assets, Net

Fixed assets, net consist of the following:

June 30, 2012

Leasehold improvements	\$3,674,930
Furniture and fixtures	48,029
Office equipment	696,499
Computer hardware and software	4,299,054
	8,718,512
Less: Accumulated depreciation and amortization	(6,140,506)
	\$2,578,006

Human Rights Watch, Inc.

Notes to Financial Statements

8. Temporarily Restricted Net Assets and Net Assets Released From Restrictions

Temporarily restricted net assets were available for the following purposes at June 30, 2012:

June 30, 2012

Donor-imposed time restrictions	\$121,374,115
Endowment fund	83,741,968
	<hr/>
	\$205,116,083

Temporarily restricted net assets that were released from donor restrictions at June 30, 2012 are as follows:

Donor-imposed time restrictions	\$29,167,153
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9. Endowments - Net Asset Classifications

HRW's endowments consist of investments that are temporarily restricted. Under ASC 958-205, the following applies to the endowment funds:

Interpretation of relevant law - the spending of endowment funds by a not-for-profit corporation in the State of New York is currently governed by the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). HRW has interpreted NYPMIFA as requiring the preservation of the historical dollar value, or principal, of an endowment fund unless the donor provides otherwise by specifying in their written gift instruments that the not-for-profit corporation's spending-rate policy be applied to the endowment funds.

Investment and spending policies - HRW 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. The endowment funds are invested in vehicles such as government and equity securities, as well as alternative investments and private equity.

HRW 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 HRW and the 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 HRW; and
- the investment policy of HRW.

Human Rights Watch, Inc.

Notes to Financial Statements

For the year ended June 30, 2012, all assets included in HRW's Endowment Fund are as follows:

Year ended June 30, 2012

Cash and cash equivalents	\$ 3,786,928
Corporate bonds:	
Energy	-
Consumer staples	-
Financial	586,126
Telecommunications	-
Other	7,708
U.S. government obligations	15,938
Certificates of deposit	209,889
Equity securities:	
Energy	1,402,069
Materials	1,042,490
Industrial	3,542,642
Consumer discretionary	1,654,572
Consumer staples	119,064
Health care	256,385
Financial	575,966
Information technology	1,473,226
Telecommunications	152,357
Utilities	44,118
Other	43,926
Mutual funds:	
Index	31,174,252
Total return	3,683,549
Commodities	1,707,867
Emerging markets	4,033,277
U.S. government obligations	-
Alternative investments:	
Pooled investments and fund of funds	28,212,281
Accrued interest	17,338
Total	\$83,741,968

Human Rights Watch, Inc.

Notes to Financial Statements

The following table represents the reconciliation of changes in endowment net assets for the year ended June 30, 2012:

	Temporarily Restricted
Endowment net assets, beginning of year	\$86,168,197
Investment income:	
Investment income	1,661,520
Net appreciation (realized and unrealized)	(3,550,612)
Investment fees	(430,119)
Total investment income, net	(2,319,211)
Transfers	(107,018)
Endowment net assets, end of year	\$83,741,968

10. Retirement Plan

HRW has a tax deferred annuity plan (the "Plan") under Section 403(b) of the Internal Revenue Code. Participating employees make pretax contributions of up to the maximum allowable IRS limitations. All full time U.S. employees are eligible to participate in the Plan as of their date of hire. Upon participation in the Plan, employees are 100% vested in their contributions.

HRW also has a defined contribution plan (the "Plan") under Section 403(b) of the Internal Revenue Code. Each year, HRW contributes to the Plan 10% of each participant's before-tax compensation subject to annual IRS limitations. All full time U.S. employees are eligible to participate after two years of continuous employment. Participants become fully vested immediately following participation in the Plan. HRW's contribution for the year ended June 30, 2012 was \$1,506,789.

11. Commitments

Pursuant to facility and equipment lease agreements in the U.S. and various countries, HRW is obligated for minimum annual rentals to nonrelated parties, as indicated below. Minimum future annual rental payments under the lease agreements expiring in 2019 are as follows:

<i>Year ending June 30,</i>	
2013	\$2,459,321
2014	2,301,587
2015	1,377,505
2016	1,127,740
2017	1,073,275
Thereafter	2,748,049
	\$11,087,477

HRW leases office space in various countries on a month-to-month basis. Rent expense for the year ended June 30, 2012 amounted to \$3,343,172.

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Notes to Financial Statements

12. Other Programs

Other programs, as presented in the accompanying statements of activities consist of the following:

<i>June 30,</i>	2012	2011
Arms	\$ 873,323	\$ 816,359
Business	1,154,074	883,031
Emergency Response	1,529,964	1,148,278
Fellows	843,188	548,680
Film Festival	1,005,040	918,784
Grants to Others	265,602	50,104
Habre	120,228	37,292
LGBT	1,192,883	836,598
Multimedia	1,285,696	986,597
Outreach	4,321,324	3,927,417
Refugee	617,926	553,156
Terrorism	267,808	678,558
Total	\$13,477,056	\$11,384,854

13. Contingencies

Various lawsuits against HRW may arise in the ordinary course of business. Contingent liabilities arising from such litigation and other matters is not expected to be material in relation to the financial position of HRW.

14. Subsequent Events

HRW's management has performed subsequent events procedures through January 11, 2013, which is the date the financial statements were available for issuance and there were no subsequent events requiring adjustments or disclosure to the financial statements.