



# Humanists

INTERNATIONAL

FINANCIAL STATEMENTS

December 31, 2021

## CONTENTS

Independent Auditor's Report .....	1
Consolidated Statement of Financial Position .....	3
Consolidated Statement of Activities .....	4
Consolidated Statement of Functional Expenses .....	5
Consolidated Statement of Cash Flows .....	6
Notes to Financial Statements .....	7

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Humanists International, Inc.  
New York, New York

### ***Opinion***

We have audited the accompanying financial statements of Humanists International, Inc., which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 Humanists International, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Humanists International 2020, an organization in which Humanists International is the sole member, which statements reflect total assets of \$670,350 as of December 31, 2021, and total revenues of \$695,217 for the year then ended. Those statements, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Humanists International 2020, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Humanists International 2020, prior to these conversion adjustments, is based solely on the report of the other auditors.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Humanists International, Inc. 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 Humanists International, Inc.'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Humanists International, Inc.'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 Humanists International, Inc.'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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Alexandria, Virginia  
April 21, 2022

**HUMANISTS INTERNATIONAL, INC.**  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
December 31, 2021

---

---

**ASSETS**

Cash	\$ 1,471,135
Unconditional promises to give	8,037
Prepaid expenses	2,679
Computer and equipment, net	1,668
Cash restricted for endowment	105,888
Investments	<u>2,854,021</u>

**Total assets** \$ 4,443,428

**LIABILITIES**

Accounts payable and accrued expenses	\$ 24,905
---------------------------------------	-----------

**NET ASSETS**

Without donor restrictions	915,184
With donor restrictions	<u>3,503,339</u>

Total net assets 4,418,523

**Total liabilities and net assets** \$ 4,443,428

See accompanying notes.

**HUMANISTS INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2021

<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	
<b>SUPPORT AND REVENUE</b>	
Contributions	
Membership dues	\$ 325,439
Donations	77,852
Interest	12
	<hr/>
Total support and revenue without donor restrictions	403,303
<b>EXPENSES</b>	
Program Services	
Supporting and Developing Humanist Organizations	208,052
Supporting Humanists at Risk	125,436
Advocating Humanist Values	162,340
Supporting Activities	
Management and General	300,815
Fundraising	39,221
	<hr/>
Total expenses	835,864
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	
Satisfaction of purpose restrictions	996,222
<b>OTHER CHANGES</b>	
Loss on foreign currency transactions	(10,118)
	<hr/>
<b>Change in net assets without donor restrictions</b>	553,543
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>	
Donations	297,177
Investment return, net	435,389
Net assets released from restrictions	(996,222)
	<hr/>
<b>Change in net assets with donor restrictions</b>	(263,656)
<b>Change in net assets</b>	289,887
Net assets at beginning of year	4,128,636
	<hr/>
<b>Net assets at end of year</b>	<u><u>\$ 4,418,523</u></u>

See accompanying notes.

**HUMANISTS INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2021

	Program Services			Supporting Activities		Total Expenses
	Supporting and Developing Humanist Organizations	Supporting Humanists at Risk	Advocating Humanist Values	Management and General	Fundraising	
Personnel	\$ 47,825	\$ 78,549	\$ 97,188	\$ 151,362	\$ 28,633	\$ 403,557
Professional fees	18,432	11,093	62,516	53,372	4,567	149,980
Office expenses	1,228	1,432	1,432	12,652	6,021	22,765
Conferences and meetings	-	-	-	22,188	-	22,188
Insurance	-	-	-	623	-	623
Occupancy	-	-	-	27,655	-	27,655
Advertising	-	-	-	440	-	440
Information technology	-	-	-	31,991	-	31,991
Miscellaneous	-	-	-	532	-	532
Grants and assistance	140,567	34,362	1,204	-	-	176,133
<b>Total expenses</b>	<b>\$ 208,052</b>	<b>\$ 125,436</b>	<b>\$ 162,340</b>	<b>\$ 300,815</b>	<b>\$ 39,221</b>	<b>\$ 835,864</b>

**HUMANISTS INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year Ended December 31, 2021

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 289,887
Adjustments to reconcile change in net assets to net change in cash flows from operating activities	
Computers and equipment assumed	(2,782)
Depreciation	1,111
Net realized and unrealized gain on investments	(379,177)
Increase in assets	
Unconditional promises to give	(8,037)
Prepaid expenses	(2,679)
Increase in liabilities	
Accounts payable and accrued expenses	<u>24,905</u>
<b>Net cash flows from operating activities</b>	<b>(76,772)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of investments	931,929
Interest and dividends retained in investments	<u>(56,149)</u>
<b>Net cash flows from investing activities</b>	<b><u>875,780</u></b>
<b>Change in cash and restricted cash</b>	<b>799,008</b>
Cash and restricted cash at beginning of year	<u>778,015</u>
<b>Cash and restricted cash at end of year</b>	<b><u>\$ 1,577,023</u></b>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Cash and restricted cash is comprised of the following:	
Cash	\$ 1,471,135
Cash restricted for endowment	<u>105,888</u>
<b>Cash and restricted cash</b>	<b><u>\$ 1,577,023</u></b>

See accompanying notes.



**HUMANISTS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

---

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Humanists International, Inc. and Humanists International 2020 (collectively, “Humanists International”) are charitable, nonprofit organizations located in the United States and United Kingdom. Humanists Internationals’ mission is to be the global representative body of the humanist movement, uniting a diversity of non-religious organizations and individuals. We want everyone to live a life of dignity in a world where universal human rights are respected and protected, and where states uphold secularism. We work to build, support and represent the global humanist movement, defending human rights, particularly those of non-religious people, and promoting humanist values worldwide.

**Principles of Consolidation**

The financial statements include the accounts of Humanists International, Inc. and Humanists International 2020 as Humanists International, Inc. is the sole member of Humanist International 2020. All significant inter-entity balances and transactions have been eliminated in consolidation.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At December 31, 2021, all unconditional promises to give are collectible within one year.

**Investments**

Humanists International reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated statement of financial position.

**Computers and Equipment**

Humanists International capitalizes all significant expenditures for computers and equipment that are expected to have useful lives of greater than one year. Purchased computers and equipment are carried at cost. Depreciation is computed using the straight-line method. For the year ended December 31, 2021, depreciation expense totaled \$1,111.

**HUMANISTS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

---

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, professional fees, and office expenses which are allocated on the basis of estimates of time and effort.

**Income Tax Status**

Humanists International is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Humanists International qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Humanist International 2020 is a registered charity and is not subject to UK Corporation Tax on its Charitable Activities.

**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 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 reporting period. Actual results could differ from those estimates.

**Date of Management's Review**

Management has evaluated subsequent events through April 21, 2022, the date which the financial statements were available to be issued.

**HUMANISTS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

---

---

NOTE 2—CONCENTRATIONS OF CREDIT RISK

Humanists International maintains cash balances at a financial institution in the United States and a financial institution in the United Kingdom. Accounts at the institution in the United States are insured by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000, and accounts at the institution in the United Kingdom are insured by the Financial Services Compensation (FSC) Scheme up to a limit of £85,000 (approximately \$115,000). At times during the year, Humanist International's cash balances exceed the FDIC and FSC Insurance amounts. Management believes the risk in these situations to be minimal.

NOTE 3—COMPUTERS AND EQUIPMENT

Computers and equipment consist of the following:

Computers and equipment	\$ 5,350
Accumulated depreciation	<u>(3,682)</u>
Computers and equipment, net	<u>\$ 1,668</u>

NOTE 4—INVESTMENTS

Investments are comprised of the following:

Cash	\$ 86,183
Equities	2,072,537
Fixed income bonds	<u>695,301</u>
Investments	<u>\$ 2,854,021</u>

Fair values of equities are valued at the closing price reported on the active market on which the funds are traded and are considered Level 1 fair value measurements. Fixed income bonds are valued using a market approach that uses as inputs observed interest rates and yield curves, prices in active markets for similar assets, and prices for identical assets in inactive markets that have been adjusted by observable indexes, which are Level 2 fair value measurements.

NOTE 5—LEASES

Humanists International leases office space in the United Kingdom under lease agreement, expiring in August 2025. Humanists International may terminate the lease with three months' notice. Lease payments are renegotiated every October and current lease payments are \$1,851 per month. For the year ended December 31, 2021, rent expense for this lease totaled \$27,655.

NOTE 6—RETIREMENT PLAN

Humanists International offers its employees a pension plan to contribute to, in which both Humanists International and eligible employees can contribute. Humanists International will contribute between 4% - 8% of eligible wages to employees' pension plans, depending upon years of service. For the year ended December 31, 2021 retirement plan expense totaled \$18,205.

**HUMANISTS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

---

---

NOTE 7—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:	
Growth and Development	\$ 184,131
Humanists at Risk MB	7,144
Humanists at Risk Nepal	234
FORB Guides	1,182
Membership Growth Fund	3,509
Delegations Fund	1,637
Congress Travel Fund	6,409
EUR Network Support	13,308
Travel grants	19,963
Human Wisdom Project	325,223
Subject to Humanist Interational's spending policy and appropriation	
IHEU Endowment Fund	105,888
Victor Kay Humanitarian Endowment	<u>2,834,710</u>
Net assets with donor restrictions	<u><u>\$ 3,503,339</u></u>

NOTE 8—LIQUIDITY AND AVAILABILITY

The following reflects Humanists International's financial assets as of the date of the consolidated statement of financial position, reduced by amounts not available for expenditures within one year of the date of consolidated statement of financial position because of donor-imposed restrictions.

Financial assets at year-end	\$ 4,439,081
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with purpose restrictions	<u>(3,503,339)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 935,742</u></u>

As part of Humanists International's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations comes due. From time-to-time Humanists International receives contributions from a related party, which could be requested in the event of an unanticipated liquidity need.

**HUMANISTS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

---

---

NOTE 9—ENDOWMENT

Humanist International's endowment is a donor-restricted fund established to support general operations of Humanists International. The Board of Directors of Humanists International has enacted New York Prudent Management of Institutional Funds Act (NYPMIFA) as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Humanists International considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the discretion of the applicable donor gift instrument. Humanists International has interpreted NYPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

In accordance with NYPMIFA, Humanists International considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of Humanists International and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of Humanists International, and (7) Humanists International's investment policies.

*Investment Return Objectives, Risk Parameters, and Strategies.* Humanists International has adopted investment and spending policies for endowment assets that are directed toward long-term performance and total return, rather than specific income goals. Endowment assets include those assets of donor-restricted funds that Humanists International must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to provide for growth of capital and produce returns to fund operations, while assuming a moderate level of investment risk. To satisfy its long-term rate-of-return objectives, Humanists International relies on a total return strategy in which investment returns are achieved through both realized and unrealized gains/loss and interest and dividends. Humanists International targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

*Spending Policy:* Absent explicit donor stipulations, Humanists International has a policy of allowing for appropriation for distribution each year of approximately 3% of the fund balance annually. This amount may vary annually depending upon the need to cover operating expenses. Over time, Humanists International expects its endowment assets to maintain sufficient cash reserves to provide liquidity and to meet needs without loss of capital value of assets. Any undistributed income in excess of amounts required to satisfy the spending rule shall be accumulated and added to the principal. In establishing this policy, Humanists International expects to achieve the objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. Humanists International has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. During the year ended December 31, 2021, Humanists International took draws from the endowment in excess of the spending policy, totaling \$933,000, to help support cash flow needs.

**HUMANISTS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

---

---

NOTE 9—ENDOWMENT (continued)

*Underwater Endowment Funds.* From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires Humanists International to retain as a fund of perpetual duration. At December 31, 2021, there are no donor-restricted endowment funds with deficiencies.

Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

Donor-restricted endowment funds:	
Original donor-restricted gift amount	\$ 2,605,888
Accumulated investment gains	<u>334,710</u>
Total endowment funds	<u><u>\$ 2,940,598</u></u>

Changes in endowment net assets are as follows.

Endowment net assets at beginning of year	\$ 3,438,272
Investment return, net	435,326
Amounts appropriated for expenditure	<u>(933,000)</u>
Endowment net assets at end of year	<u><u>\$ 2,940,598</u></u>

NOTE 10—SUBSEQUENT EVENT

Subsequent to December 31, 2021, volatility experienced in the financial markets has resulted in a significant decline in the fair value of certain investments. As of April 21, 2022, the fair value of the investment portfolio declined by approximately \$400,000 from December 31, 2021.