



Humanists
INTERNATIONAL

FINANCIAL STATEMENTS

December 31, 2023 and 2022

CONTENTS

Independent Auditor's Report	1
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities.....	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements 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 statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humanists International, Inc. as of December 31, 2023 and 2022, 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.

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 \$405,772 and \$451,525, respectively as of December 31, 2023 and 2022, and total revenues of \$863,642 and \$807,064, respectively, for the years 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 audits 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 audits. 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
Alexandria, Virginia
May 31, 2024

HUMANISTS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 1,180,430	\$ 1,210,739
Unconditional promises to give	411,986	8,432
Grants receivable	20,889	-
Prepaid expenses	1,086	2,410
Computer and equipment, net	-	415
Cash restricted for endowment	105,888	105,888
Investments	<u>2,757,056</u>	<u>2,292,672</u>
Total assets	<u>\$ 4,477,335</u>	<u>\$ 3,620,556</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 89,561	\$ 50,146
NET ASSETS		
Without donor restrictions	1,162,638	722,472
With donor restrictions	<u>3,225,136</u>	<u>2,847,938</u>
Total net assets	<u>4,387,774</u>	<u>3,570,410</u>
Total liabilities and net assets	<u>\$ 4,477,335</u>	<u>\$ 3,620,556</u>

See accompanying notes.

HUMANISTS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions	\$ 855,607	\$ 448,051
Grant revenue	299,963	115,066
Interest	8,003	33
Total support and revenue without donor restrictions	1,163,573	563,150
EXPENSES		
Program Services		
Supporting and Developing Humanist Organizations	487,236	311,955
Supporting Humanists at Risk	64,204	146,509
Advocating Humanist Values	157,665	111,244
Supporting Activities		
Management and General	248,037	339,759
Fundraising	113,817	31,264
Total expenses	1,070,959	940,731
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	395,803	438,867
Expiration of time restrictions	82,432	-
Net assets released from restrictions	478,235	438,867
OTHER CHANGES		
Refund of contributions	(39,420)	-
Loss on foreign currency transactions	(91,263)	(253,998)
Change in net assets without donor restrictions	440,166	(192,712)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	391,048	343,885
Investment return, net	464,385	(560,419)
Net assets released from restrictions	(478,235)	(438,867)
Change in net assets with donor restrictions	377,198	(655,401)
Change in net assets	817,364	(848,113)
Net assets at beginning of year	3,570,410	4,418,523
Net assets at end of year	<u>\$ 4,387,774</u>	<u>\$ 3,570,410</u>

See accompanying notes.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2023 and 2022

	Program Services			Supporting Activities		Total Expenses
	Supporting and Developing Humanist Organizations	Supporting Humanists at Risk	Advocating Humanist Values	Management and General	Fundraising	
2023						
Personnel	\$ 198,828	\$ 63,203	\$ 152,559	\$ 121,496	\$ 94,030	\$ 630,116
Professional fees	75,935	-	-	47,785	-	123,720
Office expenses	808	944	944	25,412	9,570	37,678
Conferences and meetings	-	-	-	24,551	5,371	29,922
Insurance	-	-	-	3,549	-	3,549
Occupancy	-	-	-	2,361	516	2,877
Information technology	-	-	-	22,420	4,330	26,750
Travel	50,134	-	-	-	-	50,134
Miscellaneous	2,638	-	-	463	-	3,101
Grants and assistance	158,893	57	4,162	-	-	163,112
Total expenses	\$ 487,236	\$ 64,204	\$ 157,665	\$ 248,037	\$ 113,817	\$ 1,070,959
2022						
Personnel	\$ 63,143	\$ 65,494	\$ 57,985	\$ 192,155	\$ 22,191	\$ 400,968
Professional fees	92,582	121	50,750	51,576	784	195,813
Office expenses	57	66	66	13,775	5,102	19,066
Conferences and meetings	-	-	-	17,861	1,103	18,964
Insurance	-	-	-	3,144	-	3,144
Occupancy	-	-	-	28,807	1,486	30,293
Advertising	-	-	-	1,375	-	1,375
Information technology	-	-	-	19,416	598	20,014
Travel	19,625	-	-	6,446	-	26,071
Miscellaneous	3,839	-	-	5,204	-	9,043
Grants and assistance	132,709	80,828	2,443	-	-	215,980
Total expenses	\$ 311,955	\$ 146,509	\$ 111,244	\$ 339,759	\$ 31,264	\$ 940,731

See accompanying notes.

HUMANISTS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 817,364	\$ (848,113)
Adjustments to reconcile change in net assets to net change in cash flows from operating activities		
Depreciation	415	1,098
Loss on disposal of equipment	-	155
Net realized and unrealized (gain) loss on investments	(410,199)	601,265
(Increase) decrease in assets		
Unconditional promises to give	(403,554)	(395)
Grants receivable	(20,889)	-
Prepaid expenses	1,324	269
Decrease in liabilities		
Accounts payable and accrued expenses	39,415	25,241
Net cash flows from operating activities	23,876	(220,480)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends retained in investments	(54,185)	(39,916)
Change in cash and restricted cash	(30,309)	(260,396)
Cash and restricted cash at beginning of year	1,316,627	1,577,023
Cash and restricted cash at end of year	\$ 1,286,318	\$ 1,316,627
SUPPLEMENTAL DISCLOSURE		
Cash and restricted cash is comprised of the following:		
Cash	\$ 1,180,430	\$ 1,210,739
Cash restricted for endowment	105,888	105,888
Cash and restricted cash	\$ 1,286,318	\$ 1,316,627

See accompanying notes.

HUMANISTS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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. Inspired by humanist values, Humanists International is optimistic for a world where everyone can have a dignified and fulfilling life. Humanists International's mission is to build, support and represent the global humanist movement and work to champion human rights and secularism. Humanists International's mission is underpinned by its values: democracy, human rights, and the rule of law. Humanists International is supported primarily by contributions and grants.

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, 2023 and 2022, 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 statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements 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 statements 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, 2023 and 2022, depreciation expense totaled \$415 and \$1,098, respectively.

HUMANISTS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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 statements of activities as net assets released from restrictions.

Government Grants

Certain grants from government agencies are conditioned upon Humanists International incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by Humanists International, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

Leases

Humanists International does not recognize short-term leases in the consolidated statements of financial position. For these leases, Humanists International recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. Humanists International also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, Humanists International uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

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 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.

HUMANISTS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 May 31, 2024, the date which the financial statements were available to be issued.

NOTE 2—COMPUTERS AND EQUIPMENT

Computers and equipment consist of the following:

	2023	2022
Computers and equipment	\$ -	\$ 4,856
Accumulated depreciation	-	(4,441)
	\$ -	\$ 415
Computers and equipment, net	\$ -	\$ 415

NOTE 3—INVESTMENTS

Investments are comprised of the following:

	2023	2022
Cash	\$ 168,328	\$ 114,143
Equities	1,930,147	1,530,472
Fixed income bonds	658,581	648,057
	\$ 2,757,056	\$ 2,292,672
Investments	\$ 2,757,056	\$ 2,292,672

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.

HUMANISTS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4—LEASES

Humanists International leases office space in the United Kingdom under a lease agreement, expiring in August 2025. Humanists International may terminate the lease with three months' notice, which Humanists International exercised in October 2022, effectively ending the lease in January 2023, at which time Humanists International moved to a remote working environment. For the years ended December 31, 2023 and 2022, rent expense for this lease totaled \$2,361 and \$28,807, respectively.

NOTE 5—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 years ended December 31, 2023 and 2022 retirement plan expense totaled \$17,068 and \$16,907, respectively.

NOTE 6—NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Subject to expenditure for specified purpose:		
Growth and Development	\$ 12,655	\$ 8,473
Subsequent year operations	24,039	106,471
Humanists at Risk MB	7,015	629
Membership Growth Fund	-	3,186
Congress Travel Fund	22,571	6,594
Development Network	-	28,113
Human Wisdom Project	315,223	315,223
Subject to Humanist International's spending policy and appropriation		
IHEU Endowment Fund	105,888	105,888
Victor Kay Humanitarian Endowment	2,737,745	2,273,361
Net assets with donor restrictions	\$ 3,225,136	\$ 2,847,938

NOTE 7—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 \$105,000). At times during the year, Humanist International's cash balances exceed the FDIC and FSC Insurance amounts. At December 31, 2023 and 2022, Humanists International's uninsured cash balances totaled \$878,000 and \$965,000, respectively.

HUMANISTS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 8—LIQUIDITY AND AVAILABILITY

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

	2023	2022
Financial assets at year-end	\$ 4,476,249	\$ 3,617,731
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(3,201,097)	(2,741,467)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,275,152	\$ 876,264

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.

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.

HUMANISTS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9—ENDOWMENT (continued)

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.

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, 2023, there are no donor-restricted endowment funds with deficiencies. At December 31, 2022, due to poor market conditions, Humanists International's endowment fund was underwater by \$226,639. The Board of Directors has committed to continue to ensure that the fund is invested prudently and is allowed to grow back to the \$2,605,888 value of donor-restricted gifts.

Endowment net asset composition by type of fund as of December 31, 2023 and 2022 is as follows:

	2023	2022
Donor-restricted endowment funds:		
Original donor-restricted gift amount	\$ 2,605,888	\$ 2,605,888
Accumulated investment gains (losses)	237,745	(226,639)
Total endowment funds	\$ 2,843,633	\$ 2,379,249

HUMANISTS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9—ENDOWMENT (continued)

Changes in endowment net assets are as follows.

	<u>2023</u>	<u>2022</u>
Endowment net assets at beginning of year	\$ 2,379,249	\$ 2,940,598
Investment return, net	<u>464,384</u>	<u>(561,349)</u>
Endowment net assets at end of year	<u>\$ 2,843,633</u>	<u>\$ 2,379,249</u>

NOTE 10—CONTINGENCY

Reimbursements from government grant related expenses and overhead applicable to programs are subject to audits by the government agencies, which may result in adjustments for disallowed costs. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

NOTE 11—REFUND OF CONTRIBUTION

As Humanist International's Capacity Building Project ended at the end of the year ended December 31, 2023, \$39,420 of unspent funds were returned to the original donor.