

FINANCIAL STATEMENTS

**UNITED STATES ASSOCIATION
FOR UNHCR**

**FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

UNITED STATES ASSOCIATION FOR UNHCR

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United States Association for UNHCR
Washington, D.C.

We have audited the accompanying statements of financial position of the United States Association for UNHCR (USA for UNHCR) as of December 31, 2008 and 2007, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of USA for UNHCR's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA for UNHCR as of December 31, 2008 and 2007, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

June 17, 2009

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UNITED STATES ASSOCIATION FOR UNHCR

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2008 AND 2007

ASSETS		<u>2008</u>	<u>2007</u>
CURRENT ASSETS			
Cash and cash equivalents		\$ 1,638,201	\$ 1,166,861
Investments (Note 2 and 10)		400,000	4,911
Contributions receivable		318,753	458,790
Prepaid expenses		<u>3,337</u>	<u>-</u>
Total current assets		<u>2,360,291</u>	<u>1,630,562</u>
FURNITURE AND EQUIPMENT			
Furniture and fixtures		15,666	15,666
Computers and equipment		61,550	50,654
Computer software		6,080	6,080
Leasehold improvements		<u>34,113</u>	<u>34,113</u>
		117,409	106,513
Less: Accumulated depreciation and amortization		<u>(98,836)</u>	<u>(87,088)</u>
Net furniture and equipment		<u>18,573</u>	<u>19,425</u>
OTHER ASSETS			
Deposits		<u>3,009</u>	<u>3,009</u>
TOTAL ASSETS		<u>\$ 2,381,873</u>	<u>\$ 1,652,996</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ <u>229,670</u>	\$ <u>91,564</u>
NET ASSETS			
Unrestricted:			
Undesignated		1,803,379	763,782
Board designated (Note 9)		<u>25,000</u>	<u>82,058</u>
Total unrestricted net assets		1,828,379	845,840
Temporarily restricted (Note 3)		<u>323,824</u>	<u>715,592</u>
Total net assets		<u>2,152,203</u>	<u>1,561,432</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 2,381,873</u>	<u>\$ 1,652,996</u>

See accompanying notes to financial statements.

UNITED STATES ASSOCIATION FOR UNHCR
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Grants and contributions	\$ 2,466,840	\$ 4,831,308	\$ 7,298,148
Contributions from UNHCR	957,492	-	957,492
In-kind contributions	435,795	-	435,795
Interest and investment income	16,680	-	16,680
Net assets released from donor restrictions - satisfaction of donor restrictions (Notes 4 and 6)	<u>5,223,076</u>	<u>(5,223,076)</u>	<u>-</u>
Total revenue	<u>9,099,883</u>	<u>(391,768)</u>	<u>8,708,115</u>
EXPENSES			
Program Services:			
Refugee Programs	5,349,553	-	5,349,553
Awareness Activities	<u>1,117,475</u>	<u>-</u>	<u>1,117,475</u>
Total program services	<u>6,467,028</u>	<u>-</u>	<u>6,467,028</u>
Supporting Services:			
Management and General	298,284	-	298,284
Fundraising	<u>1,352,032</u>	<u>-</u>	<u>1,352,032</u>
Total supporting services	<u>1,650,316</u>	<u>-</u>	<u>1,650,316</u>
Total expenses	<u>8,117,344</u>	<u>-</u>	<u>8,117,344</u>
Changes in net assets	982,539	(391,768)	590,771
Net assets at beginning of year	<u>845,840</u>	<u>715,592</u>	<u>1,561,432</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,828,379</u>	<u>\$ 323,824</u>	<u>\$ 2,152,203</u>

See accompanying notes to financial statements.

2007		
Unrestricted	Temporarily Restricted	Total
\$ 1,707,390	\$ 2,774,514	\$ 4,481,904
587,312	-	587,312
1,904,209	-	1,904,209
24,021	-	24,021
<u>2,075,407</u>	<u>(2,075,407)</u>	<u>-</u>
<u>6,298,339</u>	<u>699,107</u>	<u>6,997,446</u>
2,505,520	-	2,505,520
<u>2,005,489</u>	<u>-</u>	<u>2,005,489</u>
<u>4,511,009</u>	<u>-</u>	<u>4,511,009</u>
553,504	-	553,504
<u>1,240,773</u>	<u>-</u>	<u>1,240,773</u>
<u>1,794,277</u>	<u>-</u>	<u>1,794,277</u>
<u>6,305,286</u>	<u>-</u>	<u>6,305,286</u>
(6,947)	699,107	692,160
<u>852,787</u>	<u>16,485</u>	<u>869,272</u>
<u>\$ 845,840</u>	<u>\$ 715,592</u>	<u>\$ 1,561,432</u>

See accompanying notes to financial statements.

UNITED STATES ASSOCIATION FOR UNHCR

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Services		
	Refugee Programs	Awareness Activities	Total Program Services
Salaries	\$ 64,912	\$ 47,071	\$ 111,983
Payroll taxes and related benefits (Note 8)	15,974	11,586	27,560
Depreciation and amortization	-	-	-
Computers and equipment	-	18,607	18,607
Insurance	-	-	-
Dues and subscriptions	-	-	-
Postage and delivery	-	-	-
Printing and publications	-	-	-
List rental and processing fees	-	-	-
Professional fees and consulting	-	-	-
Licenses and permits	-	-	-
Supplies and office expense	-	-	-
Rent and utilities (Note 7)	-	18,733	18,733
Telephone and communications	-	-	-
Travel, meetings and special events	-	3,993	3,993
Bank and merchant service charges	-	-	-
Marketing, advertising and recruitment	-	-	-
Online and telemarketing	-	34,400	34,400
Donated public service announcements	-	435,795	435,795
Grants to UNHCR (Note 6)	5,223,076	-	5,223,076
	<hr/>	<hr/>	<hr/>
Subtotal	5,303,962	570,185	5,874,147
Allocation of management and general	45,591	33,051	78,642
Allocation of joint costs (Note 5)	-	514,239	514,239
	<hr/>	<hr/>	<hr/>
TOTAL	\$ 5,349,553	\$ 1,117,475	\$ 6,467,028
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

Supporting Services			
Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 130,227	\$ 76,660	\$ 206,887	\$ 318,870
32,036	18,858	50,894	78,454
11,748	-	11,748	11,748
38,509	16,782	55,291	73,898
17,299	-	17,299	17,299
10,368	-	10,368	10,368
1,874	398,332	400,206	400,206
7,597	678,883	686,480	686,480
-	172,155	172,155	172,155
19,439	33,500	52,939	52,939
191	11,027	11,218	11,218
8,582	3,678	12,260	12,260
38,769	16,894	55,663	74,396
6,876	2,947	9,823	9,823
842	26,678	27,520	31,513
7,594	68,343	75,937	75,937
54,235	71,612	125,847	125,847
-	260,662	260,662	295,062
-	-	-	435,795
-	-	-	5,223,076
386,186	1,857,011	2,243,197	8,117,344
(132,473)	53,831	(78,642)	-
44,571	(558,810)	(514,239)	-
\$ 298,284	\$ 1,352,032	\$ 1,650,316	\$ 8,117,344

See accompanying notes to financial statements.

UNITED STATES ASSOCIATION FOR UNHCR

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Program Services		
	Refugee Programs	Awareness Activities	Total Program Services
Salaries	\$ 101,369	\$ 72,398	\$ 173,767
Payroll taxes and related benefits (Note 8)	22,770	16,262	39,032
Depreciation and amortization	-	-	-
Computers and equipment	-	4,628	4,628
Insurance	-	-	-
Dues and subscriptions	-	-	-
Postage and delivery	162,954	-	162,954
Printing and publications	-	1,545	1,545
List rental and processing fees	-	-	-
Professional fees and consulting	70,850	-	70,850
Licenses and permits	-	-	-
Supplies and office expense	-	-	-
Rent and utilities (Note 7)	-	33,411	33,411
Telephone and communications	-	-	-
Travel, meetings and special events	-	42,119	42,119
Bank and merchant service charges	-	-	-
Marketing and advertising	-	-	-
Online and telemarketing	-	-	-
Donated public service announcements	-	1,326,551	1,326,551
Donated program supplies	13,758	-	13,758
Grants to UNHCR	2,075,407	-	2,075,407
	<hr/>	<hr/>	<hr/>
Subtotal	2,447,108	1,496,914	3,944,022
Allocation of management and general	58,412	72,398	130,810
Allocation of joint costs (Note 5)	-	436,177	436,177
	<hr/>	<hr/>	<hr/>
TOTAL	\$ 2,505,520	\$ 2,005,489	\$ 4,511,009

See accompanying notes to financial statements.

Supporting Services			
Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 156,713	\$ 40,615	\$ 197,328	\$ 371,095
35,201	9,123	44,324	83,356
11,788	-	11,788	11,788
4,174	1,082	5,256	9,884
24,162	-	24,162	24,162
13,814	1,014	14,828	14,828
2,530	306,280	308,810	471,764
1,911	634,744	636,655	638,200
-	158,143	158,143	158,143
101,479	25,000	126,479	197,329
-	12,269	12,269	12,269
8,528	5,685	14,213	14,213
30,132	7,809	37,941	71,352
2,996	14,701	17,697	17,697
4,588	25,839	30,427	72,546
7,734	55,060	62,794	62,794
-	61,740	61,740	61,740
-	189,955	189,955	189,955
-	406,455	406,455	1,733,006
-	-	-	13,758
-	-	-	2,075,407
405,750	1,955,514	2,361,264	6,305,286
(154,214)	23,404	(130,810)	-
301,968	(738,145)	(436,177)	-
\$ 553,504	\$ 1,240,773	\$ 1,794,277	\$ 6,305,286

See accompanying notes to financial statements.

UNITED STATES ASSOCIATION FOR UNHCR
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 590,771	\$ 692,160
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Donated investments	(4,971)	(515,033)
Realized gain (loss) on sales of investments	2,479	(5,301)
Unrealized (gain) loss on investments	(419)	2,905
Depreciation and amortization	11,748	11,788
(Increase) decrease in:		
Contributions receivable	140,037	(108,503)
Prepaid expenses	(3,337)	5,778
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>138,106</u>	<u>(579,286)</u>
Net cash provided (used) by operating activities	<u>874,414</u>	<u>(495,492)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(10,896)	-
Purchase of investments	(1,350,000)	-
Proceeds from sales of investments	<u>957,822</u>	<u>566,774</u>
Net cash provided (used) by investing activities	<u>(403,074)</u>	<u>566,774</u>
Net increase in cash and cash equivalents	471,340	71,282
Cash and cash equivalents at beginning of year	<u>1,166,861</u>	<u>1,095,579</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,638,201</u>	<u>\$ 1,166,861</u>

See accompanying notes to financial statements.

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The United States Association for UNHCR (USA for UNHCR) was incorporated as a nonprofit organization under the laws of the District of Columbia in August 1989. The purpose of USA for UNHCR is to inform the American people of the work of the United Nations High Commissioner for Refugees (UNHCR) and the needs and circumstances of refugees, and to improve the well being of refugees and to promote durable solutions to refugee problems.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of USA for UNHCR and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of USA for UNHCR and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Income taxes -

USA for UNHCR is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. USA for UNHCR is not a private foundation as described in Section 509(a)(1) of the Internal Revenue Code. USA for UNHCR is subject to unrelated business income taxes under Section 512 of the Internal Revenue Code.

Investments -

Investments are stated at market value with realized and unrealized gains and losses and are included in investment income. Investments donated to USA for UNHCR are recorded at market value as of the date of donation. As of December 31, 2008 and 2007, investments on hand totaled \$400,000 and \$4,911, respectively.

Risks and uncertainties -

USA for UNHCR invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Risks and uncertainties (continued) -

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Furniture and equipment -

Furniture and equipment purchased with unrestricted funds are stated at cost and are depreciated on the straight-line basis over their related estimated useful lives, generally three to seven years. Furniture and equipment purchased with restricted funds are expensed and charged to the corresponding program.

Grants and contributions -

Grants and contributions are recognized as revenue in the year notification is received from the donor. Grants and contributions which have donor-imposed restrictions are classified as temporarily restricted revenue in the accompanying Statements of Activities and Changes in Net Assets. Grants and contributions are recognized as unrestricted revenue upon either the completion of the programs or by the passage of time in compliance with donor-imposed restrictions. Grants and contributions for which donor-imposed restrictions have not been met are presented as temporarily restricted net assets in the accompanying financial statements.

Cash and cash equivalents -

For financial statement purposes, USA for UNHCR considers cash on hand and money market accounts held in local financial institutions to be cash equivalents.

At times, USA for UNHCR maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

In-kind contributions -

In-kind contributions consist primarily of donated public service announcements. In-kind contributions of \$435,795 and \$1,733,006 representing the fair value of the public service announcements have been recorded as revenue and refugee program activities expense in the accompanying financial statements for the years ended December 31, 2008 and 2007, respectively. During 2007, USA for UNHCR also received in-kind legal fees of \$157,435 and donated program supplies of \$13,758. Such amounts were recorded as refugee program expenses and management and general expenses in the accompanying Statements of Functional Expenses. USA for UNHCR also receives additional contributed services and supplies for which an estimate of the fair value is not determinable.

Allocation of functional expenses -

The costs of providing program and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Expenses that relate directly to a program or supporting service are charged to that program or supporting service. Certain supporting service expenses have been allocated among the programs benefited based on employee time records and ratios determined by management.

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair value measurements -

USA for UNHCR adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 157, entitled *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. USA for UNHCR accounts for a significant portion of its financial instruments at fair value or considers fair value in its measurement.

Contributions receivable -

Contributions receivable are stated at their net realizable value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Uncertain tax positions -

In June 2006, the FASB released FASB Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes. FIN 48 interprets the guidance in FASB Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. When FIN 48 is implemented, reporting entities utilize different recognition thresholds and measurement requirements when compared to prior technical literature. On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP) FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises. As defined by the guidance in FSP FIN 48-3, USA for UNHCR is not required to implement the provisions of FIN 48 until fiscal years beginning after December 15, 2008. As such, USA for UNHCR has not implemented those provisions in the 2008 financial statements.

Since the provisions of FIN 48 have not been implemented in accounting for uncertain tax positions, USA for UNHCR continues to utilize its prior policy of accounting for these positions, following the guidance in SFAS No. 5, Accounting for Contingencies. Disclosure is not required of a loss contingency involving an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. Using that guidance, as of December 31, 2008, USA for UNHCR has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

2. INVESTMENTS

Investments consisted of the following at December 31, 2008 and 2007:

	2008		2007	
	Cost	Market Value	Cost	Market Value
Marketable securities	\$ -	\$ -	\$ 4,926	\$ 4,911
U.S. Treasury notes	<u>399,596</u>	<u>400,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 399,596</u>	<u>\$ 400,000</u>	<u>\$ 4,926</u>	<u>\$ 4,911</u>

USA for UNHCR had an unrealized gain (loss) on its investments of \$419 and \$(2,905) as of December 31, 2008 and 2007, respectively.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2008 and 2007:

	2008	2007
Program Services:		
Afghan Refugees	\$ 6,900	\$ 4,720
Chad-Sudan Emergency	134,404	693,299
Ninemillion.org Project	93,094	-
China Earthquake	1,800	-
Health and Education	1,118	728
Georgia - South Ossetia Crisis	1,725	-
Iraq Emergency	-	7,889
Prevent and Treat Malaria	67,376	-
Refugee Youth and Children	10,354	6,245
Refugee Protection and Human Rights	2,110	2,110
Democratic Republic of Congo Emergency	3,560	601
Kenya Emergency	<u>1,383</u>	<u>-</u>
	<u>\$ 323,824</u>	<u>\$ 715,592</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

	2008	2007
Grants to UNHCR	<u>\$ 5,223,076</u>	<u>\$ 2,075,407</u>

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

5. ALLOCATION OF JOINT COSTS

During 2008 and 2007, USA for UNHCR incurred joint costs of \$1,184,089 and \$1,118,402, respectively, for informational materials and activities that included fundraising appeals. In 2008 and 2007, such costs were included in fundraising and then allocated to Awareness Activities (\$514,239 and \$436,177, respectively), and Management and General (\$44,571 and \$301,968, respectively).

6. GRANTS TO UNHCR

During the years ended December 31, 2008 and 2007, USA for UNHCR made grants to the United Nations High Commissioner for Refugees (UNHCR) totaling \$5,223,076 and \$2,075,407, respectively. These grants were made for the purpose of supporting programs administered by UNHCR. Following is a list of grants made during 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Darfur/Sudan Emergency - Protection Efforts	\$ 1,000,000	\$ -
Operations in Eastern Chad and Darfur	568,306	355,710
Assistance in Eastern Chad/Southern Sudan	1,663,581	896,686
Shelters in Eastern Chad	-	12,929
Eastern Chad: Safe Water for Sudanese Refugees	500	7,590
Repatriation of Congolese Refugees	6,753	3,331
Youth and Children - ninemillion.org project	1,089,318	223,106
Afghan Refugee Fund	28,414	49,936
Shelters in Afghanistan	100,000	12,929
Iraq Refugee Fund	68,000	21,925
Refugee Youth and Children	-	1,500
Global HIV/AIDS Program - Malawi (Dr. Kolude Olufolahan Doherty Africa Fund)	-	22,313
Uganda - Nakivale Refugee Settlements	318,347	-
Water Projects in Eastern and Central Afghanistan	26,000	-
Myanmar Cyclone Emergency	253,857	-
Iraq Children in Jordan - Education	100,000	-
Scholarships for Refugees from Kharaz Camp	-	403,690
Health and Education	-	3,662
Education for Refugees and Asylum Seekers in Turkey	-	50,000
Assistance in Colombia	-	10,100
	<u>\$ 5,223,076</u>	<u>\$ 2,075,407</u>

7. LEASE COMMITMENT

During June 2003, USA for UNHCR entered into a six-month operating lease agreement for its existing office space (the previous arrangement was a sublease). In January 2005, USA for UNHCR extended the lease for five additional years, ending November 30, 2009. USA for UNHCR is responsible for its proportion of real estate taxes and operating costs for the duration of the lease agreement.

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

7. LEASE COMMITMENT (Continued)

Following is a schedule of future minimum lease commitments as of December 31, 2008:

Year Ended December 31,

2009

\$ 73,973

Total rent expense under the aforementioned operating lease was \$71,198 and \$71,352 for the years ended December 31, 2008 and 2007, respectively.

8. RETIREMENT PLAN

USA for UNHCR administers a 403(b) tax deferred annuity plan on behalf of its employees. The plan covers all employees who have attained the age of 21 and have worked a minimum of three months. USA for UNHCR contributes two percent of each eligible employee's annual salary. Total retirement expense for the years ended December 31, 2008 and 2007 was \$6,842 and \$3,837, respectively.

Subsequent to year-end, USA for UNHCR terminated its 403(b) tax deferred annuity plan and adopted a defined contribution plan (401(k) plan) that covers all employees with a minimum of one-month of service. USA for UNHCR contributes 5.5% of each eligible employee's annual salary.

9. BOARD DESIGNATED NET ASSETS

During 2006, the Board of Directors decided to designate all Board contributions to a Board designated fund in memory of Dr. Kolude Doherty, a 28-year veteran of UNHCR. As of December 31, 2007, the total amount of board designated net assets aggregated \$82,058. During 2008, such funds were undesignated by the Board of Directors.

During 2008, several members of the Board of Directors decided to designate \$25,000 to the Dadaab Youth Center in Kenya.

As of December 31, 2008, the total amount of Board designated net assets aggregated \$25,000.

10. FAIR VALUE MEASUREMENTS

In accordance with Statement of Financial Accounting Standards (SFAS) No. 157, USA for UNHCR has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market USA for UNHCR has the ability to access.

