

FINANCIAL STATEMENTS

**UNITED STATES ASSOCIATION
FOR UNHCR**

**FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008**

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, 2009 and 2008, 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, 2009 and 2008, 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

May 4, 2010

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UNITED STATES ASSOCIATION FOR UNHCR

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,743,850	\$ 1,638,201
Investments (Notes 2 and 10)	10,211	400,000
Contributions receivable	485,445	318,753
Prepaid expenses	<u>10,001</u>	<u>3,337</u>
Total current assets	<u>2,249,507</u>	<u>2,360,291</u>
FURNITURE AND EQUIPMENT		
Furniture and fixtures	15,666	15,666
Computers and equipment	72,617	61,550
Computer software	6,080	6,080
Leasehold improvements	<u>34,113</u>	<u>34,113</u>
	128,476	117,409
Less: Accumulated depreciation and amortization	<u>(110,528)</u>	<u>(98,836)</u>
Net furniture and equipment	<u>17,948</u>	<u>18,573</u>
OTHER ASSETS		
Deposits	<u>3,009</u>	<u>3,009</u>
TOTAL ASSETS	<u>\$ 2,270,464</u>	<u>\$ 2,381,873</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 367,981	\$ 229,670
Due to UNHCR	<u>36,942</u>	<u>-</u>
Total current liabilities	<u>404,923</u>	<u>229,670</u>
NET ASSETS		
Unrestricted:		
Undesignated	1,518,887	1,803,379
Board-designated (Note 9)	<u>-</u>	<u>25,000</u>
Total unrestricted net assets	1,518,887	1,828,379
Temporarily restricted (Note 3)	<u>346,654</u>	<u>323,824</u>
Total net assets	<u>1,865,541</u>	<u>2,152,203</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,270,464</u>	<u>\$ 2,381,873</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, 2009 AND 2008**

	2009		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Grants and contributions	\$ 1,534,995	\$ 5,776,649	\$ 7,311,644
Contributions from UNHCR	773,904	-	773,904
In-kind contributions	1,162,115	-	1,162,115
Interest and investment income	4,066	-	4,066
Net assets released from donor restrictions - satisfaction of donor restrictions (Notes 4 and 6)	<u>5,753,819</u>	<u>(5,753,819)</u>	<u>-</u>
Total revenue	<u>9,228,899</u>	<u>22,830</u>	<u>9,251,729</u>
EXPENSES			
Program Services:			
Refugee Programs	6,842,725	-	6,842,725
Awareness Activities	<u>935,752</u>	<u>-</u>	<u>935,752</u>
Total program services	<u>7,778,477</u>	<u>-</u>	<u>7,778,477</u>
Supporting Services:			
Management and General	334,395	-	334,395
Fundraising	<u>1,425,519</u>	<u>-</u>	<u>1,425,519</u>
Total supporting services	<u>1,759,914</u>	<u>-</u>	<u>1,759,914</u>
Total expenses	<u>9,538,391</u>	<u>-</u>	<u>9,538,391</u>
Changes in net assets	(309,492)	22,830	(286,662)
Net assets at beginning of year	<u>1,828,379</u>	<u>323,824</u>	<u>2,152,203</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,518,887</u>	<u>\$ 346,654</u>	<u>\$ 1,865,541</u>

See accompanying notes to financial statements.

2008		
Unrestricted	Temporarily Restricted	Total
\$ 2,466,840	\$ 4,831,308	\$ 7,298,148
957,492	-	957,492
435,795	-	435,795
16,680	-	16,680
<u>5,223,076</u>	<u>(5,223,076)</u>	<u>-</u>
<u>9,099,883</u>	<u>(391,768)</u>	<u>8,708,115</u>
5,349,553	-	5,349,553
<u>1,117,475</u>	<u>-</u>	<u>1,117,475</u>
<u>6,467,028</u>	<u>-</u>	<u>6,467,028</u>
298,284	-	298,284
<u>1,352,032</u>	<u>-</u>	<u>1,352,032</u>
<u>1,650,316</u>	<u>-</u>	<u>1,650,316</u>
<u>8,117,344</u>	<u>-</u>	<u>8,117,344</u>
982,539	(391,768)	590,771
<u>845,840</u>	<u>715,592</u>	<u>1,561,432</u>
<u>\$ 1,828,379</u>	<u>\$ 323,824</u>	<u>\$ 2,152,203</u>

See accompanying notes to financial statements.

UNITED STATES ASSOCIATION FOR UNHCR

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Services		
	Refugee Programs	Awareness Activities	Total Program Services
Salaries	\$ 60,269	\$ 62,149	\$ 122,418
Payroll taxes and related benefits (Note 8)	16,100	16,603	32,703
Depreciation and amortization	1,507	1,554	3,062
Computers and equipment	756	4,911	5,667
Insurance	1,957	2,018	3,976
Dues and subscriptions	252	260	512
Postage, delivery and shipping	27,907	419	28,326
Printing and publications	965	995	1,959
List rental and processing fees	-	-	-
Professional fees and consulting	4,428	4,566	8,994
Licenses and permits	88	91	179
Supplies and office expense	749	772	1,521
Rent and utilities (Note 7)	3,779	24,553	28,332
Telephone and communications	621	640	1,261
Travel, meetings and special events	1,549	1,597	3,146
Bank and merchant service charges	45,115	3,206	48,321
Marketing, advertising and recruitment	-	-	-
Online and telemarketing	-	-	-
Donated airport advertising	-	239,250	239,250
Donated supplies to refugees in Rwanda	922,865	-	922,865
Grants to UNHCR (Note 6)	5,753,819	-	5,753,819
	<hr/>	<hr/>	<hr/>
Subtotal	6,842,725	363,586	7,206,311
	<hr/>	<hr/>	<hr/>
Allocation of joint costs (Note 5)	-	572,166	572,166
	<hr/>	<hr/>	<hr/>
TOTAL	\$ 6,842,725	\$ 935,752	\$ 7,778,477
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See accompanying notes to financial statements.

Supporting Services			
Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 174,583	\$ 170,512	\$ 345,095	\$ 467,513
46,403	45,551	91,954	124,657
4,366	4,264	8,630	11,692
2,189	7,893	10,083	15,750
5,670	5,538	11,207	15,183
730	3,844	4,574	5,086
1,178	300,036	301,214	329,540
2,794	808,956	811,750	813,709
-	120,294	120,294	120,294
12,827	67,577	80,404	89,398
255	9,801	10,056	10,235
2,170	9,509	11,679	13,200
10,946	39,463	50,409	78,741
1,798	8,978	10,776	12,037
4,486	58,348	62,834	65,980
9,006	66,262	75,269	123,590
-	121,210	121,210	121,210
-	204,642	204,642	204,642
-	-	-	239,250
-	-	-	922,865
-	-	-	5,753,819
279,401	2,052,679	2,332,080	9,538,391
54,994	(627,160)	(572,166)	-
\$ 334,395	\$ 1,425,519	\$ 1,759,914	\$ 9,538,391

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
Subtotal	5,303,962	570,185	5,874,147
Allocation of management and general (Note 5)	45,591	33,051	78,642
Allocation of joint costs (Note 5)	-	514,239	514,239
TOTAL	\$ 5,349,553	\$ 1,117,475	\$ 6,467,028

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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (286,662)	\$ 590,771
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Donated investments	(23,410)	(4,971)
Realized loss on sales/maturities of investments	276	2,479
Unrealized (gain) loss on investments	318	(419)
Depreciation and amortization	11,692	11,748
(Increase) decrease in:		
Contributions receivable	(166,692)	140,037
Prepaid expenses	(6,664)	(3,337)
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>138,311</u>	<u>138,106</u>
Net cash provided (used) by operating activities	<u>(332,831)</u>	<u>874,414</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(11,067)	(10,896)
Purchase of investments	-	(1,350,000)
Proceeds from sales/maturities of investments	<u>412,605</u>	<u>957,822</u>
Net cash provided (used) by investing activities	<u>401,538</u>	<u>(403,074)</u>
Net increase in cash and cash equivalents	68,707	471,340
Cash and cash equivalents at beginning of year	<u>1,638,201</u>	<u>1,166,861</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,706,908</u>	<u>\$ 1,638,201</u>

See accompanying notes to financial statements.

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The United States Association for UNHCR (USA for UNHCR) was incorporated as a non-profit 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.

Recently issued accounting standards -

In June 2009, the Financial Accounting Standards Board (FASB) issued FASB ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, USA for UNHCR has updated references to GAAP in its financial statements issued for the year ended December 31, 2009. The adoption of FASB ASC 105 did not impact USA for UNHCR's financial position or results of operations.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

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.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the years ended December 31, 2009 and 2008, USA for UNHCR has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

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

Investments -

Investments are stated at market value with realized and unrealized gains and losses 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, 2009 and 2008, investments on hand totaled \$10,211 and \$400,000, respectively.

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 -

During 2009, USA for UNHCR received in-kind contributions totaling \$1,162,115. In-kind contributions consist primarily of donated supplies to refugees in Rwanda and donated airport advertising. The fair value of the donated supplies (\$922,865) have been recorded as revenue and refugee program activities expense in the accompanying statements of activities and changes in net assets. The fair value of the donated airport advertising (\$239,250) has been recorded as in-kind revenue and awareness activities in the accompanying statements of activities and changes in net assets.

During 2008, USA for UNHCR received in-kind contributions consisting primarily of donated public service announcements. The fair value of the donated public service announcements (\$435,795) have been recorded as in-kind revenue and refugee program activities expense in the accompanying statements and activities and changes in net assets.

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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

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.

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.

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.

Fair value measurements -

USA for UNHCR adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 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 their measurement.

2. INVESTMENTS

Investments consisted of the following at December 31, 2009 and 2008:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Marketable securities	\$ 10,195	\$ 10,211	\$ -	\$ -
U.S. Treasury notes	<u>-</u>	<u>-</u>	<u>399,596</u>	<u>400,000</u>
TOTAL INVESTMENTS	<u>\$ 10,195</u>	<u>\$ 10,211</u>	<u>\$ 399,596</u>	<u>\$ 400,000</u>

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Program Services:		
Afghan Refugees	\$ -	\$ 6,900
Chad-Sudan Emergency	247,082	134,404
Ninemillion.org Project	-	93,094
China Earthquake	1,800	1,800
Health and Education	7,688	1,118
Georgia - South Ossetia Crisis	1,725	1,725
Pakistan Emergency	88,334	-
Prevent and Treat Malaria	-	67,376
Myanmar Cyclone Emergency	25	-
Refugee Youth and Children	-	10,354
Refugee Protection and Human Rights	-	2,110
Democratic Republic of Congo Emergency	-	3,560
Kenya Emergency	-	1,383
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$ <u>346,654</u>	\$ <u>323,824</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:

	<u>2009</u>	<u>2008</u>
Grants to UNHCR	\$ <u>5,753,819</u>	\$ <u>5,223,076</u>

5. ALLOCATION OF JOINT COSTS

During 2009 and 2008, USA for UNHCR conducted direct mail campaigns that included appeals for contributions and incurred joint costs of \$1,250,211 and \$1,184,089, respectively. The joint costs were allocated as follows:

<u>2009</u>			
<u>Awareness Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ <u>572,166</u>	\$ <u>54,994</u>	\$ <u>623,051</u>	\$ <u>1,250,211</u>
<u>2008</u>			
<u>Awareness Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ <u>514,239</u>	\$ <u>44,571</u>	\$ <u>625,279</u>	\$ <u>1,184,089</u>

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

6. GRANTS TO UNHCR

During the years ended December 31, 2009 and 2008, USA for UNHCR made grants to the United Nations High Commissioner for Refugees (UNHCR) totaling \$5,753,819 and \$5,223,076, respectively. These grants were made for the purpose of supporting programs administered by UNHCR. Following is a list of grants made during 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Chadian Refugees in Um Shalaya Camp in Darfur	\$ 800,000	\$ -
Darfur/Sudan Emergency - Protection Efforts	-	1,000,000
Operations in Eastern Chad and Darfur (Sister Schools Program)	123,350	568,306
Assistance in Eastern Chad/Southern Sudan	1,305,418	1,663,581
Congo Gimme Shelter	96,950	-
Eastern Chad: Safe Water for Sudanese Refugees	-	500
Repatriation of Congolese Refugees	3,560	6,753
Youth and Children - ninemillion.org project	185,696	1,089,318
Girls Education in Rwanda	603,819	-
Afghan Refugee Fund	276,417	28,414
Shelters in Afghanistan	287,683	-
Kenya Dadaab Youth Center	150,000	-
Computers for the Kakuma School for Girls	10,000	-
Shelters in Afghanistan	-	100,000
Rwanda - Community Technology Access	50,000	-
Iraq Refugee Fund	11,311	68,000
Pakistan Emergency Fund	1,205,407	-
Refugee Youth and Children	10,354	-
Prevent and Treat Malaria	96,156	-
Urgent Needs	150,000	-
Uganda - Nakivale Refugee Settlements	100,000	318,347
Water Projects in Eastern and Central Afghanistan	-	26,000
Myanmar Cyclone Emergency	-	253,857
Iraq Children in Jordan - Education	-	100,000
Bangladesh - Community Technology Access	50,000	-
Clean Water to Refugees in Need (Health and Education)	94,577	-
Refugees Protection and Human Rights	12,110	-
Education for Refugees and Asylum Seekers in Turkey	65,000	-
Education for IDP Children in Colombia	55,270	-
Sri Lanka Emergency Fund	10,741	-
	<u>\$ 5,753,819</u>	<u>\$ 5,223,076</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. In October 2009, USA for UNHCR extended the lease for five additional years, ending December 31, 2015. 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, 2009 AND 2008

7. LEASE COMMITMENT (Continued)

Following is a schedule of future minimum lease commitments as of December 31, 2009:

Year Ended December 31,

2010	\$ 86,850
2011	89,456
2012	92,139
2013	94,903
2014	<u>97,751</u>
	<u>\$ 461,099</u>

Total rent expense under the aforementioned operating lease was \$72,973 and \$71,198 for the years ended December 31, 2009 and 2008, respectively.

8. RETIREMENT PLAN

USA for UNHCR administered a 403(b) tax-deferred annuity plan on behalf of its employees until January 1, 2009. The plan covered all employees who attained the age of 21 and worked a minimum of three months. USA for UNHCR contributed two percent of each eligible employee's annual salary. Total retirement expense for the year ended December 31, 2008 was \$6,842.

USA for UNHCR terminated the 403(b) tax-deferred annuity plan and now administers 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. Total retirement expense for the year ended December 31, 2009 was \$20,427.

9. BOARD-DESIGNATED NET ASSETS

During 2008, several members of the Board of Directors decided to designate \$25,000 to the Dadaab Youth Center in Kenya. These funds were transferred out during the year ended December 31, 2009.

As of December 31, 2009 and 2008, the total amount of Board-designated net assets was \$0 and \$25,000, respectively.

10. FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, 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.

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

10. FAIR VALUE MEASUREMENTS (Continued)

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.

Level 2. These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Financial assets recorded on the Statements of Financial Position are categorized based on the inputs to the valuation technique as follows for the years ended December 31, 2009 and 2008:

		2009			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Asset Category - Investments					
Marketable Securities		\$ 10,211	\$ -	\$ -	\$ 10,211
		2008			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Asset Category - Investments					
U.S. Treasury Notes		\$ 400,000	\$ -	\$ -	\$ 400,000

11. SUBSEQUENT EVENTS

In preparing these financial statements, USA for UNHCR has evaluated events and transactions for potential recognition or disclosure through May 4, 2010, the date the financial statements were issued.