

FINANCIAL STATEMENTS

**UNITED STATES ASSOCIATION
FOR UNHCR**

**FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006**

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 as of December 31, 2007 and 2006, 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 the United States Association 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 the United States Association for UNHCR as of December 31, 2007 and 2006, 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 20, 2008

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UNITED STATES ASSOCIATION FOR UNHCR

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2007 AND 2006

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,166,861	\$ 1,095,579
Investments (Note 2)	4,911	54,256
Contributions receivable	458,790	350,287
Prepaid expenses	<u>-</u>	<u>5,778</u>
Total current assets	<u>1,630,562</u>	<u>1,505,900</u>
FURNITURE AND EQUIPMENT		
Furniture and fixtures	15,666	15,666
Computers and equipment	50,654	50,654
Computer software	6,080	6,080
Leasehold improvements	<u>34,113</u>	<u>34,113</u>
Less: Accumulated depreciation and amortization	106,513	106,513
	<u>(87,088)</u>	<u>(75,300)</u>
Net furniture and equipment	<u>19,425</u>	<u>31,213</u>
OTHER ASSETS		
Deposits	<u>3,009</u>	<u>3,009</u>
TOTAL ASSETS	<u>\$ 1,652,996</u>	<u>\$ 1,540,122</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>91,564</u>	\$ <u>670,850</u>
NET ASSETS		
Unrestricted		
Undesignated	763,782	770,729
Board designated (Note 9)	<u>82,058</u>	<u>82,058</u>
Total unrestricted net assets	<u>845,840</u>	<u>852,787</u>
Temporarily restricted (Note 3)	<u>715,592</u>	<u>16,485</u>
Total net assets	<u>1,561,432</u>	<u>869,272</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,652,996</u>	<u>\$ 1,540,122</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, 2007 AND 2006**

	<u>2007</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Grants and contributions	\$ 1,707,390	\$ 2,774,514	\$ 4,481,904
Contributions from UNHCR	587,312	-	587,312
In-kind contributions	1,904,209	-	1,904,209
Interest and investment income	24,021	-	24,021
Net assets released from donor restrictions - satisfaction of donor restrictions (Note 4 and 6)	<u>2,075,407</u>	<u>(2,075,407)</u>	<u>-</u>
Total revenue	<u>6,298,339</u>	<u>699,107</u>	<u>6,997,446</u>
EXPENSES			
Program services:			
Refugee Programs	2,505,520	-	2,505,520
Awareness Activities	<u>2,005,489</u>	<u>-</u>	<u>2,005,489</u>
Total program services	<u>4,511,009</u>	<u>-</u>	<u>4,511,009</u>
Supporting services:			
Management and General	553,504	-	553,504
Fundraising	<u>1,240,773</u>	<u>-</u>	<u>1,240,773</u>
Total supporting services	<u>1,794,277</u>	<u>-</u>	<u>1,794,277</u>
Total expenses	<u>6,305,286</u>	<u>-</u>	<u>6,305,286</u>
Changes in net assets	(6,947)	699,107	692,160
Net assets at beginning of year	<u>852,787</u>	<u>16,485</u>	<u>869,272</u>
NET ASSETS AT END OF YEAR	<u>\$ 845,840</u>	<u>\$ 715,592</u>	<u>\$ 1,561,432</u>

See accompanying notes to financial statements.

<u>2006</u>		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 1,924,269	\$ 1,736,062	\$ 3,660,331
306,662	-	306,662
2,639,954	-	2,639,954
20,997	-	20,997
<u>1,816,308</u>	<u>(1,816,308)</u>	<u>-</u>
<u>6,708,190</u>	<u>(80,246)</u>	<u>6,627,944</u>
4,786,463	-	4,786,463
<u>749,573</u>	<u>-</u>	<u>749,573</u>
<u>5,536,036</u>	<u>-</u>	<u>5,536,036</u>
403,735	-	403,735
<u>648,081</u>	<u>-</u>	<u>648,081</u>
<u>1,051,816</u>	<u>-</u>	<u>1,051,816</u>
<u>6,587,852</u>	<u>-</u>	<u>6,587,852</u>
120,338	(80,246)	40,092
<u>732,449</u>	<u>96,731</u>	<u>829,180</u>
<u>\$ 852,787</u>	<u>\$ 16,485</u>	<u>\$ 869,272</u>

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	-	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
In-kind contributions to UNHCR	13,758	-	13,758
Grants to UNHCR	2,075,407	-	2,075,407
	<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/>		
TOTAL	\$ 2,505,520	\$ 2,005,489	\$ 4,511,009
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See accompanying notes to financial statements.

Supporting Services			
Management and General	Fundraising	Total Supporting Services	Total
\$ 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

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Program Services		
	Refugee Programs	Awareness Activities	Total Program Services
Salaries	\$ 122,870	\$ 95,631	\$ 218,501
Payroll taxes and related benefits (Note 8)	25,708	20,146	45,854
Depreciation and amortization	-	-	-
Computers and equipment	-	8,630	8,630
Insurance	-	-	-
Miscellaneous	-	-	-
Postage and delivery	174,472	-	174,472
Printing and publications	-	-	-
List rental and processing fees	-	-	-
Professional fees and consulting	-	-	-
Licenses and permits	-	-	-
Supplies and office expense	-	-	-
Rent and utilities (Note 7)	-	35,705	35,705
Telephone and communications	-	-	-
Travel and meetings	-	18,819	18,819
Bank and merchant service charges	-	-	-
Marketing and advertising	-	-	-
Online and telemarketing	-	47,204	47,204
Donated humanitarian supplies	2,598,879	-	2,598,879
Grants to UNHCR (Note 6)	1,816,308	-	1,816,308
	<hr/>		
Subtotal	4,738,237	226,135	4,964,372
Allocation of management and general	48,226	37,535	85,761
Allocation of joint costs (Note 5)	-	485,903	485,903
	<hr/>		
TOTAL	\$ 4,786,463	\$ 749,573	\$ 5,536,036

See accompanying notes to financial statements.

Supporting Services			
Management and General	Fundraising	Total Supporting Services	Total
\$ 137,418	\$ 63,387	\$ 200,805	\$ 419,306
28,879	13,330	42,209	88,063
13,807	-	13,807	13,807
5,430	2,509	7,939	16,569
18,750	-	18,750	18,750
623	2,317	2,940	2,940
1,753	334,756	336,509	510,981
1,307	362,411	363,718	363,718
-	92,181	92,181	92,181
57,478	16,185	73,663	73,663
-	11,136	11,136	11,136
7,333	4,889	12,222	12,222
22,467	10,380	32,847	68,552
7,846	11,770	19,616	19,616
21,533	23,892	45,425	64,244
6,248	43,655	49,903	49,903
-	6,284	6,284	6,284
-	293,526	293,526	340,730
-	-	-	2,598,879
-	-	-	1,816,308
330,872	1,292,608	1,623,480	6,587,852
(110,640)	24,879	(85,761)	-
183,503	(669,406)	(485,903)	-
\$ 403,735	\$ 648,081	\$ 1,051,816	\$ 6,587,852

See accompanying notes to financial statements.

UNITED STATES ASSOCIATION FOR UNHCR
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 692,160	\$ 40,092
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Donated investments	(515,033)	(973)
Realized gain on sales of investments	(5,301)	-
Unrealized loss (gain) on investments	2,905	(1,931)
Depreciation and amortization	11,788	13,807
(Increase) decrease in:		
Contributions receivable	(108,503)	(130,375)
Prepaid expenses	5,778	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>(579,286)</u>	<u>544,216</u>
Net cash provided (used) by operating activities	<u>(495,492)</u>	<u>464,836</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	-	(2,025)
Payments for leasehold improvements	-	(8,415)
Proceeds from sales of investments	566,774	-
Purchase of investments	<u>-</u>	<u>(11,216)</u>
Net cash provided (used) by investing activities	<u>566,774</u>	<u>(21,656)</u>
Net increase in cash and cash equivalents	71,282	443,180
Cash and cash equivalents at beginning of year	<u>1,095,579</u>	<u>652,399</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,166,861</u>	<u>\$ 1,095,579</u>

See accompanying notes to financial statements.

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

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 the organization 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 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, 2007 and 2006, investments on hand totaled \$4,911 and \$54,256, 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.

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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

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 humanitarian supplies which further USA for UNHCR's refugee program activities. In-kind contributions of \$1,904,209 and \$2,639,954 representing the fair value of the supplies (and other humanitarian services) have been recorded as revenue and refugee program activities expense in the accompanying financial statements for the years ended December 31, 2007 and 2006, respectively. 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.

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.

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

2. INVESTMENTS

Investments consisted of the following at December 31, 2007 and 2006:

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Marketable Securities	\$ <u>4,926</u>	\$ <u>4,911</u>	\$ <u>51,366</u>	\$ <u>54,256</u>

USA for UNHCR had an unrealized gain (loss) on its investments of \$(2,905) and \$1,931 as of December 31, 2007 and 2006, respectively.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Program Services:		
Afghan Refugees	\$ 4,720	\$ -
Chad-Sudan Emergency	693,299	-
Ninemillion.org Project	-	16,085
Health and Education	728	-
Iraq Emergency	7,889	400
Refugee Youth and Children	6,245	-
Refugee Protection and Human Rights	2,110	-
Democratic Republic of Congo Emergency	601	-
	\$ <u>715,592</u>	\$ <u>16,485</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>2007</u>	<u>2006</u>
Grants to UNHCR	\$ <u>2,075,407</u>	\$ <u>1,816,308</u>

5. ALLOCATION OF JOINT COSTS

During 2007 and 2006, USA for UNHCR incurred joint costs of \$1,118,402 and \$1,155,309, respectively, for informational materials and activities that included fundraising appeals. In 2007 and 2006, such costs were included in fundraising and then allocated to Awareness Activities (\$436,177 and \$485,903, respectively), and Management and General (\$301,968 and \$183,503, respectively).

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

6. GRANTS TO UNHCR

During the years ended December 31, 2007 and 2006, USA for UNHCR made grants to the United Nations High Commissioner for Refugees (UNHCR) totaling \$2,075,407 and \$1,816,308, respectively. These grants were made for the purpose of supporting programs administered by UNHCR. Following is a list of grants made during 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Empowerment of Women in Angola	\$ -	\$ 30,000
Operations in Eastern Chad and Darfur	355,710	337,591
Assistance in Eastern Chad/Southern Sudan	896,686	164,394
Shelters in Eastern Chad	12,929	120,187
Eastern Chad: Safe Water for Sudanese Refugees	7,590	50,000
Repatriation of Congolese Refugees	3,331	322,359
Youth and Children - ninemillion.org project	223,106	102,975
Afghan Ambulance Project	-	51,105
Afghan Refugee Fund	49,936	-
Assistance to Refugees in Africa - Health Sector	-	5,445
Refugees in Togo	-	2,080
Microenterprise and Health in Rwanda	-	60,319
Shelters in Afghanistan	12,929	9,045
Welfare Society - New Dheli, India	-	10,000
Iraq Refugee Fund	21,925	-
Assistance in Pakistan - South Asia Earthquake	-	146,136
Refugee Youth and Children	1,500	2,865
Unaccompanied Minors/National Children's - USA	-	1,000
Global HIV/AIDS Program - Malawi (Dr. Kolude Olufolahan Doherty Africa Fund)	22,313	64,375
Refugee Emergency Appeals	-	3,842
Afghan Refugees in Pakistan	-	300,000
Assistance in Timor	-	1,400
Assistance in Lebanon and Neighboring Countries	-	20,007
Scholarships for refugees from Kharaz Camp	403,690	-
Health and Education	3,662	1,195
Human Rights	-	1,380
Education for refugees and asylum seekers in Turkey	50,000	-
Assistance in Colombia	10,100	-
Assistance to returnees in Liberia	-	7,608
Tsunami Emergency	-	1,000
	<u>\$ 2,075,407</u>	<u>\$ 1,816,308</u>

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

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.

Following is a schedule of future minimum lease commitments as of December 31, 2007:

Year Ended December 31,

2008	\$ 71,198
2009	<u>72,973</u>
	<u>\$ 144,171</u>

Total rent expense for the years ended December 31, 2007 and 2006 was \$71,352 and \$68,552, 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, 2007 and 2006 was \$3,837 and \$4,720, respectively.

9. BOARD DESIGNATED NET ASSETS

During 2006, the Board of Directors decided to designate all Board contributions in a Board Designated fund in memory of Dr. Kolude Doherty, a 28-year veteran of UNHCR. As of December 31, 2007 and 2006, the total amount of Board Designated Net Assets aggregated \$82,058 and \$82,058, respectively.