

FINANCIAL STATEMENTS



**UNITED STATES ASSOCIATION
FOR UNHCR**

**FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

UNITED STATES ASSOCIATION FOR UNHCR

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2
EXHIBIT A - Statements of Financial Position, as of December 31, 2014 and 2013	3
EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended December 31, 2014 and 2013	4 - 5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2014	6
EXHIBIT D - Statement of Functional Expenses, for the Year Ended December 31, 2013	7
EXHIBIT E - Statements of Cash Flows, for the Years Ended December 31, 2014 and 2013	8
NOTES TO FINANCIAL STATEMENTS	9 - 14

GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the United States Association for UNHCR (USA for UNHCR), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and 2013, 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.

April 30, 2015

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF HORWATH INTERNATIONAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

UNITED STATES ASSOCIATION FOR UNHCR

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,889,127	\$ 5,006,377
Investments (Notes 2 and 9)	15,875	14,561
Contributions receivable	685,346	462,576
Prepaid expenses	<u>474,220</u>	<u>88,778</u>
Total current assets	<u>8,064,568</u>	<u>5,572,292</u>
FURNITURE AND EQUIPMENT		
Furniture and fixtures	42,578	20,475
Computers and equipment	95,189	95,189
Computer software	8,428	8,428
Leasehold improvements	<u>42,629</u>	<u>34,113</u>
	188,824	158,205
Less: Accumulated depreciation and amortization	<u>(156,236)</u>	<u>(147,126)</u>
Net furniture and equipment	<u>32,588</u>	<u>11,079</u>
OTHER ASSETS		
Deposits	<u>32,092</u>	<u>17,092</u>
TOTAL ASSETS	<u>\$ 8,129,248</u>	<u>\$ 5,600,463</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 583,738	\$ 430,645
Deferred revenue	-	25,000
Due to UNHCR (Note 5)	<u>2,165,480</u>	<u>1,654,990</u>
Total current liabilities	<u>2,749,218</u>	<u>2,110,635</u>
NET ASSETS		
Unrestricted	4,791,467	3,460,978
Temporarily restricted (Note 3)	<u>588,563</u>	<u>28,850</u>
Total net assets	<u>5,380,030</u>	<u>3,489,828</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,129,248</u>	<u>\$ 5,600,463</u>

UNITED STATES ASSOCIATION FOR UNHCR

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Grants and contributions	\$ 5,755,486	\$ 7,223,233	\$ 12,978,719
Contributions from UNHCR	6,180,010	588,215	6,768,225
In-kind contributions	2,243,058	-	2,243,058
Interest and investment (loss) income (Note 2)	(231)	-	(231)
Net assets released from donor restrictions - satisfaction of donor restrictions (Notes 4 and 5)	<u>7,251,735</u>	<u>(7,251,735)</u>	<u>-</u>
Total revenue	<u>21,430,058</u>	<u>559,713</u>	<u>21,989,771</u>
EXPENSES			
Program Services:			
Refugee Programs and Awareness Activities	<u>11,938,603</u>	<u>-</u>	<u>11,938,603</u>
Supporting Services:			
Management and General	593,265	-	593,265
Fundraising	<u>7,567,701</u>	<u>-</u>	<u>7,567,701</u>
Total supporting services	<u>8,160,966</u>	<u>-</u>	<u>8,160,966</u>
Total expenses	<u>20,099,569</u>	<u>-</u>	<u>20,099,569</u>
Changes in net assets	1,330,489	559,713	1,890,202
Net assets at beginning of year, as restated (Note 8)	<u>3,460,978</u>	<u>28,850</u>	<u>3,489,828</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,791,467</u>	<u>\$ 588,563</u>	<u>\$ 5,380,030</u>

2013		
Unrestricted	Temporarily Restricted	Total
\$ 6,828,778	\$ 3,855,732	\$ 10,684,510
3,590,874	-	3,590,874
1,939,011	-	1,939,011
836	-	836
<u>3,909,881</u>	<u>(3,909,881)</u>	<u>-</u>
<u>16,269,380</u>	<u>(54,149)</u>	<u>16,215,231</u>
<u>8,402,927</u>	<u>-</u>	<u>8,402,927</u>
1,029,228	-	1,029,228
<u>4,247,032</u>	<u>-</u>	<u>4,247,032</u>
<u>5,276,260</u>	<u>-</u>	<u>5,276,260</u>
<u>13,679,187</u>	<u>-</u>	<u>13,679,187</u>
2,590,193	(54,149)	2,536,044
<u>870,785</u>	<u>82,999</u>	<u>953,784</u>
<u>\$ 3,460,978</u>	<u>\$ 28,850</u>	<u>\$ 3,489,828</u>

UNITED STATES ASSOCIATION FOR UNHCR
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Refugee Programs and Awareness Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 74,881	\$ 315,581	\$ 2,407,745	\$ 2,723,326	\$ 2,798,207
Payroll taxes and related benefits (Note 7)	14,272	71,553	474,144	545,697	559,969
Depreciation and amortization	245	3,608	5,256	8,864	9,109
Computers and equipment	1,777	12,457	304,311	316,768	318,545
Insurance	3,250	10,827	37,454	48,281	51,531
Dues and subscriptions	17,995	137	3,967	4,104	22,099
Postage and delivery	33,157	1,114	739,049	740,163	773,320
Printing, productions and publications	59,061	722	571,751	572,473	631,534
List rental and processing fees	-	6,450	317,172	323,622	323,622
Professional fees and consulting	148,600	35,588	162,097	197,685	346,285
Licenses and permits	-	7,830	4,757	12,587	12,587
Supplies and office expenses	1,708	6,278	23,356	29,634	31,342
Rent and utilities (Note 6)	33,809	45,585	472,333	517,918	551,727
Telephone and communications	3,253	5,896	40,122	46,018	49,271
Travel, meetings and special events	18,153	11,608	140,332	151,940	170,093
Bank and merchant service charges	-	13,969	299,958	313,927	313,927
Marketing, advertising and recruitment	555	44,062	102,294	146,356	146,911
Online, telemarketing and face-to-face	175,742	-	1,461,603	1,461,603	1,637,345
Grants to UNHCR (Note 5):					
Transfers	9,109,087	-	-	-	9,109,087
In-kind	2,243,058	-	-	-	2,243,058
TOTAL	\$ 11,938,603	\$ 593,265	\$ 7,567,701	\$ 8,160,966	\$ 20,099,569

See accompanying notes to financial statements.

UNITED STATES ASSOCIATION FOR UNHCR

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services		Supporting Services		
	Refugee Programs and Awareness Activities	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 82,542	\$ 429,731	\$ 2,112,696	\$ 2,542,427	\$ 2,624,969
Payroll taxes and related benefits (Note 7)	15,059	84,018	389,563	473,581	488,640
Depreciation and amortization	1,355	5,176	4,010	9,186	10,541
Computers and equipment	270	19,002	24,730	43,732	44,002
Insurance	1,533	5,501	35,955	41,456	42,989
Dues and subscriptions	1,560	10,923	3,883	14,806	16,366
Postage and delivery	4,900	7,194	40,870	48,064	52,964
Printing, productions and publications	35,571	53,646	187,523	241,169	276,740
List rental and processing fees	-	19,686	63,839	83,525	83,525
Professional fees and consulting	-	132,806	79,849	212,655	212,655
Licenses and permits	-	8,575	5,582	14,157	14,157
Supplies and office expenses	4,881	20,860	48,709	69,569	74,450
Rent and utilities (Note 6)	13,493	78,277	282,155	360,432	373,925
Telephone and communications	2,147	14,653	42,497	57,150	59,297
Travel, meetings and special events	40,166	36,578	101,305	137,883	178,049
Bank and merchant service charges	-	37,129	401,416	438,545	438,545
Marketing, advertising and recruitment	42	22,886	139,071	161,957	161,999
Online, telemarketing and face-to-face	-	42,587	283,379	325,966	325,966
Grants to UNHCR (Note 5):					
Transfers	6,260,397	-	-	-	6,260,397
In-kind	1,939,011	-	-	-	1,939,011
TOTAL	\$ 8,402,927	\$ 1,029,228	\$ 4,247,032	\$ 5,276,260	\$ 13,679,187

See accompanying notes to financial statements.

UNITED STATES ASSOCIATION FOR UNHCR
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,890,202	\$ 2,536,044
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	353	(659)
Depreciation and amortization	9,110	10,541
(Increase) decrease in:		
Contributions receivable	(222,770)	(389,593)
Prepaid expenses	(385,442)	(62,061)
Deposits	(15,000)	6,432
Increase (decrease) in:		
Accounts payable and accrued liabilities	153,095	40,471
Deferred revenue	(25,000)	25,000
Due to UNHCR	<u>510,490</u>	<u>570,662</u>
Net cash provided by operating activities	<u>1,915,038</u>	<u>2,736,837</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and fixtures	(22,103)	(7,549)
Payments for leasehold improvements	<u>(8,516)</u>	<u>-</u>
Net cash used by investing activities	<u>(30,619)</u>	<u>(7,549)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net purchases of investments	<u>(1,669)</u>	<u>(13,902)</u>
Net cash used by financing activities	<u>(1,669)</u>	<u>(13,902)</u>
Net increase in cash and cash equivalents	1,882,750	2,715,386
Cash and cash equivalents at beginning of year	<u>5,006,377</u>	<u>2,290,991</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,889,127</u>	<u>\$ 5,006,377</u>

UNITED STATES ASSOCIATION FOR UNHCR

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

United States Association for UNHCR (USA for UNHCR) helps and protects refugees and people displaced by violence, conflict and persecution. Working with UNHCR – the UN Refugee Agency – and its partners, we provide life-saving essentials including shelter, water, food, safety and protection. Around the world, we help refugees survive, recover and build a better future.

Together, we can give refugees the hope and dignity they deserve and help them rebuild their lives.

Established by concerned American citizens, USA for UNHCR is a 501(c) (3) non-profit organization, headquartered in Washington, D.C. with an office in New York, NY.

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 -

For the years ended December 31, 2014, USA for UNHCR has documented its consideration of FASB ASC 740-10 (*Income Taxes*) and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

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.

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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

Cash and cash equivalents (continued) -

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, USA for UNHCR maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments are stated at their readily determinable fair value with realized and unrealized gains and losses included in investment income. Investments donated to USA for UNHCR are recorded at their readily determinable fair value as of the date of donation.

As of December 31, 2014 and 2013, investments on hand totaled \$15,875 and \$14,561, respectively.

Furniture and equipment -

Furniture and equipment in excess of \$5,000, 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. Leasehold improvements are amortized over the remaining life of the lease. Furniture and equipment purchased with restricted funds are expensed and charged to the corresponding program. The cost of maintenance and repairs is recorded as expenses are incurred.

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.

In-kind contributions -

During 2014 and 2013, USA for UNHCR received in-kind contributions totaling \$2,243,058 and \$1,939,011, respectively. In-kind contributions for 2014 consisted of donated clothing (Cameroon), shoes (Syria and Uganda), tents (Ethiopia), solar lanterns (Rwanda), water systems (Mauritania) and transportation of winterization kits (Syria). In-kind contributions for 2013 consisted of donated clothing (Chad) and typhoon relief supplies (Philippines). The fair value of the in-kind contributions has been recorded as in-kind revenue and expense in the accompanying Statements of Activities and Changes in Net Assets.

Grants and contributions -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

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, 2014 AND 2013**

**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 measurement -

USA for UNHCR adopted the provisions of FASB ASC 820, *Fair Value Measurement*. 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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
	<u>Market</u>	<u>Market</u>
	<u>Value</u>	<u>Value</u>
Common Stocks	\$ 15,875	\$ 14,561

Included in investment income are the following:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 122	\$ 177
Unrealized (loss) gain	<u>(353)</u>	<u>659</u>
TOTAL INVESTMENT (LOSS) INCOME	\$ (231)	\$ 836

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Program Services:		
Bake Sale for Babies	\$ 402	\$ -
Chad-Sudan Emergency	-	28,628
Syria Emergency	-	18
Myanmar - Burma	-	204
Typhoons	875	-
HIVE/Digital/LG	<u>587,286</u>	<u>-</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$ 588,563	\$ 28,850

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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>2014</u>	<u>2013</u>
Grants to UNHCR	\$ <u>7,251,735</u>	\$ <u>3,909,881</u>

5. GRANTS TO UNHCR

During the years ended December 31, 2014 and 2013, USA for UNHCR made grants to the United Nations High Commissioner for Refugees (UNHCR) totaling \$11,352,145 and \$8,199,408, respectively. These grants were made for the purpose of supporting programs administered by UNHCR.

Following is a list of grants made during 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Afghan Refugee Fund	\$ -	\$ 152,800
Afghan Shelter	139,730	-
Chad Shelter	1,859	290,000
Chad-Sudan Emergency	517,026	55,455
Community Part. Visibility	25,000	-
CTA for Refugees	-	13,096
Child Migration	-	250,000
DRC (Congo)	-	1,200
Central African Republic	2,745	-
Educate A Child	13,120	10,000
Emergency Funds *	-	100,000
Greatest Needs *	4,100,410	2,259,990
Haiti Emergency Fund	-	7,203
Innovation Unit	293,500	320,000
Iraq IDPs	18,462	-
Iraq Khanke IDP	1,027,000	-
Libya Emergency Fund	-	349,990
Logistics Response Training	100,000	200,000
Mali	-	3,468
Myanmar - Burma	47,764	250,000
Primary Education	-	50,000
Protection at Sea	30,000	-
Relief Link Initiative	200,000	100,000
Rohingya in Bangladesh	327,061	-
Shelter	-	10,464
Sister Schools	100,056	-
Somali Refugees	3,495	14,231
Somali - Tents	-	1,114
Syria	2,058,786	1,562,061
Typhoon	<u>103,073</u>	<u>259,325</u>
Subtotal - cash transfers	<u>9,109,087</u>	<u>6,260,397</u>

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

5. GRANTS TO UNHCR (Continued)

	<u>2014</u>	<u>2013</u>
Cameroon	\$ 1,222,500	\$ -
Ethiopia	405,720	-
Mauritania	46,384	-
Rwanda	114,500	-
Syria Emergency/IDPs	351,317	-
Uganda	102,637	-
Chad	-	1,238,500
Philippines - Typhoon Relief Supplies	-	<u>700,511</u>
Subtotal - In-kind donations	<u>2,243,058</u>	<u>1,939,011</u>
TOTAL GRANTS TO UNHCR	<u>\$ 11,352,145</u>	<u>\$ 8,199,408</u>

* Funded through unrestricted contributions and grants

6. LEASE COMMITMENTS

USA for UNHCR extended its original lease to December 31, 2018. USA for UNHCR is responsible for its proportional share of real estate taxes and operating costs for the duration of the lease agreement. During 2013, USA for UNHCR entered into lease agreements for offices as a part of the Face to Face Fundraising Initiative. As of December 31, 2014 all related lease agreements were terminated except for the lease in San Diego, California, which was terminated on March 27, 2015.

Following is a schedule of future minimum lease commitments as of December 31, 2014:

<u>Year Ending December 31,</u>	
2015	\$ 323,630
2016	336,204
2017	331,081
2018	<u>205,868</u>
	<u>\$ 1,196,783</u>

Total rent and occupancy expense was \$551,727 and \$373,925, for the years ended December 31, 2014 and 2013, respectively.

7. RETIREMENT PLAN

USA for UNHCR administers a defined contribution plan (401(k) plan) that covers all employees with a minimum of six months of service. USA for UNHCR contributes 5.5% of each eligible employee's annual salary. Total retirement expense for the years ended December 31, 2014 and 2013 was \$46,946 and \$29,396, respectively.

8. CLARIFICATION OF NET ASSETS

During the 2013 fiscal year, management of USA for UNHCR, upon the request of UNHCR, changed its accounting method related to the accounting of grant funds approved for payment to UNHCR from the cash basis method to the accrual basis method. Accordingly, the 2012 financial statements have been retroactively restated to account for this change in accounting. The net effect of the restatement was to increase the liability for the amount due to UNHCR by \$1,084,328 and to decrease the balance of temporarily restricted net assets by a similar amount at December 31, 2012.

UNITED STATES ASSOCIATION FOR UNHCR

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

9. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, 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.

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

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

Common stocks - Valued at the closing price reported on the active market in which the individual securities are traded.

The table below summarizes, by level within the fair value hierarchy, USA for UNHCR's investments as of December 31, 2014:

	Quoted Prices in Active Markets for Identical <u>Assets (Level 1)</u>	Significant Other Observable <u>Inputs (Level 2)</u>	Significant Unobservable <u>Inputs (Level 3)</u>	Total December 31, <u>2014</u>
Asset Class:				
Common Stocks	\$ <u>15,875</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>15,875</u>

The table below summarizes, by level within the fair value hierarchy, USA for UNHCR's investments as of December 31, 2013:

	Quoted Prices in Active Markets for Identical <u>Assets (Level 1)</u>	Significant Other Observable <u>Inputs (Level 2)</u>	Significant Unobservable <u>Inputs (Level 3)</u>	Total December 31, <u>2013</u>
Asset Class:				
Common Stocks	\$ <u>14,561</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,561</u>

10. SUBSEQUENT EVENTS

In preparing these financial statements, USA for UNHCR has evaluated events and transactions for potential recognition or disclosure through April 30, 2015, the date the financial statements were issued.