

**REFUGEES INTERNATIONAL, INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
AND  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**BUNTUA & COMPANY**

**REFUGEES INTERNATIONAL, INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
AND  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

# BUNTUA & COMPANY

2020 PENNSYLVANIA AVE., N.W., # 363  
WASHINGTON, DC 20006

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Refugees International, Inc.  
Washington, D.C.

We have audited the accompanying statement of financial position of the Refugees International, Inc. as of December 31, 2006 and the related statements of activities, cash flows and schedule of functional expenses for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit provides 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 Refugees International, Inc. as of December 31, 2006 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Buntua & Company*

March 23, 2007

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**REFUGEES INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2006**  
**(With Comparative Totals for 2005)**

	<u>ASSETS</u>			<u>Total</u>	<u>2005 Total (Memorandum Only)</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>		
<b>Current Assets</b>					
Cash and cash equivalents (Note 2)	\$1,039,190	\$ 824,490	\$ 100,000	\$1,963,680	\$ 1,310,290
Grants receivable (Note 3)	-	597,500	-	597,500	735,896
Other receivable	1,500	-	-	1,500	2,248
Advances	5,130	-	-	5,130	20,499
Prepaid Expenses	32,125	-	-	32,125	37,189
Total Current Assets	<u>1,077,945</u>	<u>1,421,990</u>	<u>100,000</u>	<u>2,599,935</u>	<u>2,106,122</u>
<b>Property and Equipment (Note 4)</b>					
Land and building	832,003	-	-	832,003	828,107
Furniture and equipment	84,534	-	-	84,534	85,287
Total	916,537	-	-	916,537	913,394
Less accumulated depreciation	(255,705)	-	-	(255,705)	(227,792)
Property and Equipment, net	<u>660,832</u>	<u>-</u>	<u>-</u>	<u>660,832</u>	<u>685,602</u>
<b>Other Assets</b>					
Deposit	4,820	-	-	4,820	1,280
Total Assets	<u>\$1,743,597</u>	<u>\$ 1,421,990</u>	<u>\$ 100,000</u>	<u>\$3,265,587</u>	<u>\$ 2,793,004</u>

The accompanying notes are an integral part of these financial statements.

**REFUGEES INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2006**  
**(With Comparative Totals for 2005)**  
**(continued)**

LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>2005 Total (Memorandum Only)</u>
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	\$ 80,344	\$ -	\$ -	\$ 80,344	\$ 45,172
Accrued payroll and payroll taxes	35,706	-	-	35,706	26,940
Current portion of mortgage payable(Note 5)	30,877	-	-	30,877	31,423
Total Current Liabilities	<u>146,927</u>	<u>-</u>	<u>-</u>	<u>146,927</u>	<u>103,535</u>
<b>Long-Term Liabilities</b>					
Mortgage payable, net of current portion(Note 5)	466,366	-	-	466,366	492,144
Total Liabilities	<u>613,293</u>	<u>-</u>	<u>-</u>	<u>613,293</u>	<u>595,679</u>
<b>Net Assets</b>					
Unrestricted	1,130,304	-	-	1,130,304	1,125,245
Temporarily restricted	-	1,421,990	-	1,421,990	972,080
Permanently restricted	-	-	100,000	100,000	100,000
Total Net Assets	<u>1,130,304</u>	<u>1,421,990</u>	<u>100,000</u>	<u>2,652,294</u>	<u>2,197,325</u>
Total Liabilities and Net Assets	<u>\$1,743,597</u>	<u>\$1,421,990</u>	<u>\$ 100,000</u>	<u>\$3,265,587</u>	<u>\$ 2,793,004</u>

The accompanying notes are an integral part of these financial statements.

**REFUGEES INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
**(With Comparative Totals for 2005)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2005 Total (Memorandum Only)
Revenue and other support					
Grants and contributions	\$ 1,918,779	\$ 1,221,059	\$ -	\$3,139,838	\$ 2,022,480
Interest income	45,769	-	-	45,769	20,730
Other income	18,155	-	-	18,155	4,342
Net assets released from restriction					
Expiration of time restrictions	474,563	(474,563)	-	-	-
Restriction satisfied by payments	296,586	(296,586)	-	-	-
<b>Total Revenue and Other Support</b>	<u>2,753,852</u>	<u>449,910</u>	<u>-</u>	<u>3,203,762</u>	<u>2,047,552</u>
Expenses					
Program Services					
Advocacy	2,022,053	-	-	2,022,053	1,858,077
Public education	393,553	-	-	393,553	457,696
Supporting Services					
General and administrative	136,288	-	-	136,288	113,898
Fundraising	196,899	-	-	196,899	193,988
<b>Total Expenses</b>	<u>2,748,793</u>	<u>-</u>	<u>-</u>	<u>2,748,793</u>	<u>2,623,659</u>
Change in Net Assets	5,059	449,910	-	454,969	(576,107)
Net Assets At Beginning of Year	1,125,245	972,080	100,000	2,197,325	2,773,432
Net Assets At End of Year	<u>\$ 1,130,304</u>	<u>\$ 1,421,990</u>	<u>\$ 100,000</u>	<u>\$2,652,294</u>	<u>\$ 2,197,325</u>

The accompanying notes are an integral part of these financial statements.

**REFUGEES INTERNATIONAL, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(With Comparative Totals for 2005)**

	Program Services			Supporting Services			Total 2005
	Advocacy	Public Education	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Salaries	\$ 970,698	\$ 195,273	\$ 1,165,971	\$ 99,461	\$ 131,960	\$ 231,421	\$1,294,567
Benefits	358,091	32,770	390,861	10,536	16,392	26,928	354,844
Travel	258,783	2,760	261,543	64	976	1,040	297,266
Consultant fees	137,906	42,465	180,371	2,863	4,698	7,561	135,043
Events	-	50,954	50,954	-	16,985	16,985	132,077
Project assistance	66,898	-	66,898	-	-	-	83,606
Depreciation	30,306	5,199	35,505	2,509	3,382	5,891	42,304
Printing	6,685	32,423	39,108	350	1,570	1,920	51,316
Interest expense	22,545	3,868	26,413	1,866	2,516	4,382	32,342
Insurance	24,208	2,830	27,038	1,365	1,841	3,206	36,884
Telephone	24,653	2,039	26,692	797	923	1,720	28,330
Dues and publications	16,994	3,346	20,340	113	4,673	4,786	21,610
Occupancy	18,369	3,057	21,426	1,475	1,989	3,464	19,384
Equipment rental	18,084	1,372	19,456	662	893	1,555	13,598
Conference	13,582	3,727	17,309	610	1,265	1,875	11,422
Office supplies	11,532	1,839	13,371	724	1,559	2,283	12,392
Repairs and maintenance	12,277	1,244	13,521	600	809	1,409	9,537
Postage	2,778	4,308	7,086	212	2,377	2,589	6,981
Staff training & development	8,618	389	9,007	25	121	146	3,420
Furniture and equipment	6,281	778	7,059	-	-	-	10,000
Computer supplies	4,086	359	4,445	173	324	497	5,100
Audit	3,602	618	4,220	298	402	700	4,840
Delivery expenses	2,226	1,195	3,421	145	762	907	2,733
Advertising	748	525	1,273	-	994	994	4,219
Duplicating	880	73	953	35	47	82	947
Project overhead charges	868	124	992	(422)	(570)	(992)	-
Miscellaneous	355	18	373	11,827	11	11,838	8,897
	<u>\$ 2,022,053</u>	<u>\$ 393,553</u>	<u>\$ 2,415,606</u>	<u>\$ 136,288</u>	<u>\$ 196,899</u>	<u>\$ 333,187</u>	<u>\$2,623,659</u>
							<u>\$ 2,748,793</u>

The accompanying notes are an integral part of these financial statements.

**REFUGEES INTERNATIONAL, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
Cash Flows From (Used in) Operating Activities		
Change in net assets	\$ 454,969	\$ (576,107)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	41,396	42,304
Increase (decrease) in cash resulting from changes in:		
Grants receivable	138,396	475,861
Other receivable	748	(2,248)
Advances	15,369	(17,468)
Prepaid expenses	5,064	(10,223)
Deposits	(3,540)	-
Accounts payable and accrued expenses	43,938	36,546
	696,340	(51,335)
Net cash provided by operating expenses		
Cash Flows Used in Investing Activities:		
Purchase of furniture and equipment	(16,626)	(21,390)
Net Cash Flows Used in Investing Activities	(16,626)	(21,390)
Cash Flows From Financing Activities		
Payment of long term debt	(26,324)	(24,777)
Net Cash Flows Used From Financial Activities	(26,324)	(24,777)
Net Increase(Decrease) in Cash and Cash Equivalents	653,390	(97,502)
Cash and Cash Equivalents, Beginning of year	1,310,290	1,407,792
Cash and Cash Equivalents, End of year	\$ 1,963,680	\$ 1,310,290
Supplemental Information - Interest Paid	\$ 30,795	\$ 36,884

The accompanying notes are an integral part of these financial statements.

**REFUGEES INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

1. Summary of Significant Accounting Policies

Organization and Purpose

Refugees International, Inc. (RI) was incorporated in 1980 under the District of Columbia Non-profit Corporation Act for the purpose of assisting refugees.

Basis of Accounting

RI has adopted the accrual basis of accounting in the presentation of its financial statements. Consequently, revenue is recognized when earned rather than when cash is received, and expenses and purchase of assets are recognized when the obligation is incurred rather than when cash is disbursed.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Unrestricted net assets have no restrictions on their use imposed by the donor. Temporarily restricted net assets are those whose use is restricted until a specified time or purpose has expired as designated by donor. Permanently restricted net assets are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes.

Revenue Recognition

RI reports contributions as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**REFUGEES INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**  
**(CONTINUATION)**

1. Summary of Significant Accounting Policies, continued

Income Taxes

The Internal Revenue Service has determined that RI is a public charity and is exempt from Federal Income taxes under Section 501 (c)(3) of the Internal Revenue Code, except income from unrelated business activities. Accordingly, no provision for income taxes is required as of December 31, 2006, as the organization had no unrelated business income.

2. Cash and Cash Equivalent

Cash equivalents consist of cash and other highly liquid short term investments which are readily convertible into cash within ninety (90) days of purchase. Short term investments also include donated securities which are recorded at fair market value at the time of the gift.

3. Grants Receivable

Grants receivable consists primarily of contributions pledged from donors. All receivables are deemed fully collectible within one year and are recorded at net realizable value.

4. Property and Equipment

Property and equipment is stated at cost, except for donated property and equipment which is carried at the fair market value as of the date of the gift. Depreciation is computed on a straight-line basis over the estimated useful lives of thirty years for the building and five to seven years for furniture and equipment. Expenses for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses.

Depreciation expenses for the years ended December 31, 2006 and 2005 are \$ 41,396 and \$ 42,304, respectively.

**REFUGEES INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**  
**(CONTINUATION)**

5. Mortgage Payable

RI's obligation under mortgage payable consists of the following at December 31, 2006:

5.99% note payable, due in monthly installments of \$4,760, including interest, through April 3, 2019, secured by a Deed of Trust on the land and building.	<u>\$ 497,243</u>
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The scheduled maturities of mortgage payable outstanding at December 31, 2006, are as follows:

2007	\$ 30,877
2008	30,243
2009	32,105
2010	34,082
2011 and after	<u>369,936</u>
	<u>\$ 497,243</u>

6. Retirement Plan

RI offered the employees to participate in a voluntary 403(b) Tax Deferred Annuity. RI contributes 50% of the employee's contribution up to 4% of the employee's salary. In addition to the matching basis, RI will contribute an amount to be determined by RI. The annual rate for 2006 and 2005 was 5%. RI's contributions in 2006 and 2005 are \$68,884 and \$ 74,332, respectively.

7. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on the functional basis in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supported services benefited.

RI conducted various events to provide information about their work and to appeal for funds. The costs of conducting these events included a total of \$67,939 of joint costs that are not directly attributable to either the program or fundraising components of the activities. These joint costs were allocated as follows:

**REFUGEES INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**  
**(CONTINUATION)**

7. Functional Allocation of Expenses, continued

Public education	\$ 50,954
Fundraising	<u>16,985</u>
Total	<u>\$ 67,939</u>

8. Concentrations of Risk

RI maintains cash balances at financial institutions. Where applicable, accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2006, RI's uninsured cash balances total about \$ 1,686,000 largely in money market funds.

9. Other Matter

Effective February 15, 2001, RI entered into a five year employment contract with a former officer who continued to serve this agency. The contract provided for an annual salary with annual cost of living adjustment (COLA) increases, employee benefits (including insurance and paid leave) and a pension with annual cost of living increases upon retirement, with right of survivorship to the wife.

The above employee retired effective February 15, 2006 with the first pension payment made in March, 2006. Total amount paid in 2006 was \$59,894.