

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, 2009 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, 2009 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.

March 25, 2010

Buntua & Company

**REFUGEES INTERNATIONAL, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
AND
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

BUNTUA & COMPANY

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

INDEPENDENT AUDITORS' REPORT

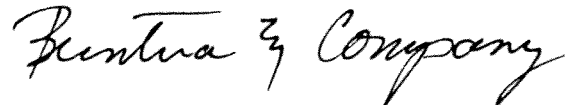
The Board of Directors
Refugees International, Inc.
Washington, D.C.

We have audited the accompanying statement of financial position of the Refugees International, Inc. as of December 31, 2009 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, 2009 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.

March 25, 2010



REFUGEES INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
(With Comparative Totals for 2008)

	<u>ASSETS</u>			Total	2008 Total (Memorandum Only)
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>		
Current Assets					
Cash and cash equivalents (Note 2)	\$2,455,345	\$ 520,230	\$ 100,000	\$3,075,575	\$ 2,981,146
Grants receivable (Note 3)	-	600,000	-	600,000	325,000
Pledges receivable	72,000	-	-	72,000	-
Advances	4,460	-	-	4,460	15,912
Prepaid Expenses	40,006	-	-	40,006	64,226
Total Current Assets	2,571,811	1,120,230	100,000	3,792,041	3,386,284
Property and Equipment (Note 4)					
Leasehold improvements	12,144	-	-	12,144	12,144
Furniture and equipment	116,916	-	-	116,916	124,833
Total	129,060	-	-	129,060	136,977
Less accumulated depreciation and amortization	(63,326)	-	-	(63,326)	(53,962)
Property and Equipment, net	65,734	-	-	65,734	83,015
Other Assets					
Deposit	24,508	-	-	24,508	24,508
Total Assets	\$2,662,053	\$ 1,120,230	\$ 100,000	\$3,882,283	\$ 3,493,807

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

REFUGEES INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
(With Comparative Totals for 2008)
(continued)

LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>2008 Total (Memorandum Only)</u>
Liabilities					
Accounts payable and accrued expenses	\$ 36,912	\$ -	\$ -	\$ 36,912	\$ 59,741
Accrued payroll and payroll taxes	78,112	-	-	78,112	63,964
Accrued vacation	97,271	-	-	97,271	-
Deferred rent	28,301	-	-	28,301	38,145
Total Liabilities - All Current	<u>240,596</u>	<u>-</u>	<u>-</u>	<u>240,596</u>	<u>161,850</u>
Net Assets					
Unrestricted	2,421,457	-	-	2,421,457	2,476,074
Temporarily restricted	-	1,120,230	-	1,120,230	755,883
Permanently restricted	-	-	100,000	100,000	100,000
Total Net Assets	<u>2,421,457</u>	<u>1,120,230</u>	<u>100,000</u>	<u>3,641,687</u>	<u>3,331,957</u>
Total Liabilities and Net Assets	<u>\$2,662,053</u>	<u>\$1,120,230</u>	<u>\$ 100,000</u>	<u>\$3,882,283</u>	<u>\$ 3,493,807</u>

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

REFUGEES INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(With Comparative Totals for 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2008 Total (Memorandum Only)
Revenue and other support					
Grants and contributions	\$ 2,406,496	\$ 1,802,353	\$ -	\$4,208,849	\$ 3,571,679
Other	1,060	-	-	1,060	13,750
Interest income	39,778	-	-	39,778	72,683
Net assets released from restriction					
Expiration of time restrictions	458,411	(458,411)	-	-	-
Restriction satisfied by payments	979,595	(979,595)	-	-	-
Total Revenue and Other Support	3,885,340	364,347	-	4,249,687	3,658,112
Expenses					
Program Services					
Advocacy	2,780,398	-	-	2,780,398	3,011,131
Public education	880,443	-	-	880,443	773,890
Supporting Services					
General and administrative	188,951	-	-	188,951	202,097
Fundraising	286,259	-	-	286,259	294,408
Total Expenses	4,136,051	-	-	4,136,051	4,281,526
Change in Net Assets Before Other Items	(250,711)	364,347	-	113,636	(623,414)
Other Items					
Unrealized gain/(loss) on securities	196,094	-	-	196,094	(78,341)
Net Gain on sale of office building	-	-	-	-	1,314,615
Total	196,094	-	-	196,094	1,236,274
Change in Net Assets	(54,617)	364,347	-	309,730	612,860
Net Assets At Beginning of Year	2,476,074	755,883	100,000	3,331,957	2,719,097
Net Assets At End of Year	\$ 2,421,457	\$ 1,120,230	\$ 100,000	\$3,641,687	\$ 3,331,957

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

REFUGEES INTERNATIONAL, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009
(With Comparative Totals for 2008)

	Program Services			Supporting Services			Total 2008
	Advocacy	Public Education	Total Program Services	Administrative	Fundraising	Support Services	
Salaries	\$ 1,469,963	\$ 356,909	\$ 1,826,872	\$ 104,784	\$ 110,629	\$ 215,413	\$ 2,042,285
Benefits	450,259	86,359	536,618	11,913	13,052	24,965	561,583
Consultant fees	117,634	96,646	214,280	43,187	44,052	87,239	301,519
Travel	278,890	12,256	291,146	76	7,556	7,632	298,778
Occupancy	200,865	41,067	241,932	11,042	11,686	22,728	264,660
Events	-	171,463	171,463	-	57,154	57,154	228,617
Insurance	72,511	3,103	75,614	780	825	1,605	77,219
Staff training & development	46,136	17,151	63,287	428	4,735	5,163	68,450
Dues and publications	10,519	23,588	34,107	160	8,251	8,411	42,518
Project assistance	34,505	3,000	37,505	-	3,000	3,000	40,505
Printing	3,598	29,447	33,045	152	4,353	4,505	37,550
Telephone	27,527	4,888	32,415	967	3,435	4,402	36,817
Depreciation and amortization	17,736	4,169	21,905	1,122	1,186	2,308	24,213
Office supplies	15,460	3,294	18,754	796	3,222	4,018	22,772
Equipment rental	11,853	2,786	14,639	750	793	1,543	16,182
Duplicating	720	11,525	12,245	46	48	94	12,339
Advertising	1,914	7,458	9,372	-	60	60	9,432
Postage	571	129	700	35	8,270	8,305	24,935
Conference	5,922	957	6,879	199	1,108	1,307	9,005
Repairs and maintenance	4,706	1,098	5,804	295	312	607	8,186
Delivery expenses	2,020	1,093	3,113	90	2,073	2,163	6,411
Audit	3,663	861	4,524	231	245	476	5,276
Computer supplies	2,665	1,156	3,821	118	202	320	5,000
Furniture and equipment	589	-	589	-	-	-	4,141
Interest expense	-	-	-	-	-	-	589
Miscellaneous	172	40	212	11,780	12	11,792	-
							12,004
	<u>\$ 2,780,398</u>	<u>\$ 880,443</u>	<u>\$ 3,660,841</u>	<u>\$ 188,951</u>	<u>\$ 286,259</u>	<u>\$ 475,210</u>	<u>\$ 4,136,051</u>
							<u>\$ 4,281,526</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, 2009 AND 2008

	2009	2008
Cash Flows From Operating Activities		
Change in net assets	\$ 309,730	\$ 612,860
Adjustments to reconçile change in net assets to net cash provided by operating activities		
Depreciation	24,213	23,747
Increase (decrease) in cash resulting from changes in:		
Grants receivable	(275,000)	190,000
Other receivable	(72,000)	54,984
Advances	11,452	(10,271)
Prepaid expenses	24,220	(17,940)
Accounts payable and accrued expenses	(8,681)	(21,725)
Accrued vacation	97,271	-
Deferred rent	(9,844)	9,844
	101,361	841,499
Cash Flows From/(Used) in Investing Activities:		
Proceeds from sale of office building	-	2,032,500
Gain on sale of office building	-	(1,314,615)
Expenses on sale of building	-	(115,381)
Loss on sale of office equipment	562	-
Purchase of furniture and equipment	(7,494)	(22,226)
	(6,932)	580,278
Cash Flows Used in Financing Activities		
Extinguishment of mortgage debt	-	(469,274)
	-	(469,274)
Net Increase in Cash and Cash Equivalents	94,429	952,503
Cash and Cash Equivalents, Beginning of year	2,981,146	2,028,643
Cash and Cash Equivalents, End of year	\$ 3,075,575	\$ 2,981,146
Supplemental Information - Interest Paid	\$ -	\$ 1,238

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

REFUGEES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 purchases 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, 2009
(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, 2009, 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 or the gross proceeds at the time of the sale.

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 five to seven years for furniture and equipment. 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, 2009 and 2008 are \$24,213 and \$23,747, respectively.

REFUGEES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009
(CONTINUATION)

5. Retirement Plan

In 2009, RI offered the employees to participate in a voluntary Safe Harbor 401(k) Plan. Employees are eligible to join upon six months of employment with RI. The minimum percentage of compensation a participant may elect to be treated as an Elective Deferral is 1%, and the maximum percentage of compensation a participant may elect to be treated as an Elective Deferral is 85%. Matching contributions equal 100% on the first 5% of participant's compensation which is deferred as an Elective Deferral. RI's contributions in 2009 and 2008 are \$ 82,953 and \$ 73,657 respectively.

6. 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 \$228,617 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:

Public education	\$ 171,463
Fundraising	<u>57,154</u>
Total	<u>\$ 228,617</u>

7. Concentrations of Risk

RI maintains cash balances at several financial institutions. Where applicable, accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2009 and 2008, RI's uninsured cash balances totals about \$329,675 and \$2,061,207, respectively. These are largely in money market funds.

REFUGEES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009
(CONTINUATION)

8. Lease Commitment

On September 25, 2007, RI entered into a five year lease agreement for their current office space commencing on November 19, 2007. Annual base rent will increase by four percent (4%) on each anniversary of the lease through the end of the term. RI also signed a one-year lease agreement for their office in New York which commenced on February 2007. The lease will automatically renew for successive periods of one year until unilaterally terminated by either party. The fixed monthly charge during any renewal period is the greater of the current market rate as determined by the landlord or the fixed monthly charge plus seven percent (7%). The lease has been renewed for the next year. The minimum future rental commitments for the above operating leases are:

<u>Year</u>	
2010	\$ 257,235
2011	267,524
2012	<u>230,319</u>
	<u>\$ 755,078</u>

9. Accrued Vacation

A liability has been recorded to recognize accrual of annual leave in 2009 based on RI's policy as stated in the "Employee Handbook". RI's policy on annual leave was finalized in 2009.

10. Other Matter

RI pays pension to a former officer based on the employment contract dated February 15, 2001. Under this contract, RI will pay pension with annual cost of living increases upon retirement in 2006, with right of survivorship to the wife. Total amounts paid in 2009 and 2008 were \$73,929 and \$71,718, respectively.