FINANCIAL STATEMENTS

REFUGEES INTERNATIONAL, INC.

FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2013

REFUGEES INTERNATIONAL, INC.

CONTENTS

GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Refugees International, Inc.
Washington, D.C.

We have audited the accompanying financial statements of Refugees International, Inc., which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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 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 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 Refugees International, Inc. as of December 31, 2014, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited Refugees International, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 1, 2014. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2013, is consistent in all material respects with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

April 16, 2015

REFUGEES INTERNATIONAL, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 251,650	$ 689,139
Investments (Notes 2, 10 and 11)	1,662,241	1,116,685
Accounts receivable from employees	3,922	21,018
Grants receivable (Note 3)	382,260	-
Pledges receivable	164,137	239,487
Prepaid expenses and other assets	73,856	67,950
Total current assets	2,538,066	2,134,279
PROPERTY AND EQUIPMENT		
Equipment	55,672	57,491
Furniture	5,218	5,218
	60,890	62,709
Less: Accumulated depreciation	(44,247)	(38,909)
Net property and equipment	16,643	23,800
NONCURRENT ASSETS		
Security deposits	22,250	21,495
Grants receivable, net of current portion and present value discount of $4,647 (Note 3)	70,353	-
Total noncurrent assets	92,603	21,495
TOTAL ASSETS	**$ 2,647,312**	**$ 2,179,574**

LIABILITIES AND NET ASSETS

	2014	2013
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 36,739	$ 50,985
Accrued salaries and related benefits	80,804	170,466
Total current liabilities	117,543	221,451
NONCURRENT LIABILITIES		
Accrued pension liability (Note 9)	1,149,472	1,185,196
Deferred rent (Note 8)	55,278	47,254
Total noncurrent liabilities	1,204,750	1,232,450
Total liabilities	1,322,293	1,453,901
NET ASSETS		
Unrestricted	470,334	163,644
Temporarily restricted (Note 4)	754,685	462,029
Permanently restricted (Notes 5 and 11)	100,000	100,000
Total net assets	1,325,019	725,673
TOTAL LIABILITIES AND NET ASSETS	**$ 2,647,312**	**$ 2,179,574**

See accompanying notes to financial statements.

REFUGEES INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

	2014				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE					
Contributions	$ 2,079,830	$ 158,594	$ -	$ 2,238,424	$ 2,189,241
Foundation grants	530,073	916,407	-	1,446,480	663,274
Investment income (Note 2)	4,724	41,965	-	46,689	121,442
In-kind contributions (Note 6)	115,367	-	-	115,367	158,565
Other loss	(1,864)	-	-	(1,864)	(2,803)
Net assets released from donor restrictions (Note 4)	824,310	(824,310)	-	-	-
Total support and revenue	3,552,440	292,656	-	3,845,096	3,129,719
EXPENSES					
Program Services:					
Advocacy	1,894,598	-	-	1,894,598	1,956,538
Public Education	893,828	-	-	893,828	924,539
Total program services	2,788,426	-	-	2,788,426	2,881,077
Supporting Services:					
General and Administrative	129,976	-	-	129,976	164,462
Fundraising	285,133	-	-	285,133	310,079
Total supporting services	415,109	-	-	415,109	474,541
Total functional expenses	3,203,535	-	-	3,203,535	3,355,618
Change in net assets before other item	348,905	292,656	-	641,561	(225,899)
OTHER ITEM					
Pension expense (Note 9)	42,215	-	-	42,215	42,594
Change in net assets	306,690	292,656	-	599,346	(268,493)
Net assets at beginning of year	163,644	462,029	100,000	725,673	994,166
NET ASSETS AT END OF YEAR	$ 470,334	$ 754,685	$ 100,000	$ 1,325,019	$ 725,673

See accompanying notes to financial statements.

REFUGEES INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

	2014		
	Program Services		
	Advocacy	Public Education	Total Program Services
Salaries	$ 1,063,462	$ 437,705	$ 1,501,167
Benefits (Note 9)	235,639	67,025	302,664
Printing	2,815	1,883	4,698
Occupancy (Note 8)	184,361	68,608	252,969
Audit	10,730	4,169	14,899
Insurance	58,093	5,944	64,037
Depreciation	5,887	2,287	8,174
Telephone	23,628	8,116	31,744
Travel and entertainment	136,396	25,618	162,014
Consultant fees	69,190	51,941	121,131
Postage and delivery	1,027	1,861	2,888
Repairs and maintenance	723	281	1,004
Office supplies and expense	4,953	1,597	6,550
Dues and subscriptions	22,026	13,124	35,150
Advertising	666	44,072	44,738
Conference	3,198	5,298	8,496
Events (Note 7)	-	148,715	148,715
Equipment	11,102	4,872	15,974
Staff training and development	2,062	-	2,062
Board mission	526	-	526
Program office costs	20,964	-	20,964
Miscellaneous	1,835	712	2,547
Sub-total	1,859,283	893,828	2,753,111
Allocation of general and administrative	35,315	-	35,315
TOTAL	**$ 1,894,598**	**$ 893,828**	**$ 2,788,426**

Supporting Services				2013
General and Administrative	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
$ 108,228	$ 130,222	$ 238,450	$ 1,739,617	$ 1,729,818
9,117	10,971	20,088	322,752	314,604
231	6,435	6,666	11,364	11,436
15,951	19,192	35,143	288,112	282,315
969	1,166	2,135	17,034	16,599
1,382	1,663	3,045	67,082	56,018
532	640	1,172	9,346	11,782
1,500	1,812	3,312	35,056	39,464
159	3,284	3,443	165,457	219,523
4,961	32,645	37,606	158,737	217,154
48	7,239	7,287	10,175	12,830
65	764	829	1,833	1,337
323	1,056	1,379	7,929	13,511
366	12,043	12,409	47,559	48,830
4	29	33	44,771	83,481
81	1,550	1,631	10,127	7,208
-	49,572	49,572	198,287	217,320
873	1,050	1,923	17,897	17,195
-	101	101	2,163	-
-	-	-	526	5,997
-	-	-	20,964	23,104
23,001	1,199	24,200	26,747	26,092
167,791	282,633	450,424	3,203,535	3,355,618
(37,815)	2,500	(35,315)	-	-
$ 129,976	**$ 285,133**	**$ 415,109**	**$ 3,203,535**	**$ 3,355,618**

See accompanying notes to financial statements.

REFUGEES INTERNATIONAL, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 599,346	$ (268,493)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	9,346	11,782
Stock donations	(174,673)	(52,272)
Unrealized loss on investments	22,224	14,022
Realized gain on sales of investments	(17,038)	(88,148)
Discount on long-term grants receivable	4,647	-
Accrued pension liability	(35,724)	(35,135)
Loss on sale of equipment	606	-
(Increase) decrease in:		
Accounts receivable from employees	17,096	(1,986)
Grants receivable	(457,260)	200,047
Pledges receivable	75,350	55,216
Prepaid expenses and other assets	(5,906)	22,026
Security deposits	(755)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	(14,246)	(3,548)
Accrued salaries and related benefits	(89,662)	(7,618)
Deferred rent abatement	8,024	17,021
Net cash used by operating activities	(58,625)	(137,086)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,795)	-
Net purchases (proceeds) from sales of investments	(376,069)	122,711
Net cash (used) provided by investing activities	(378,864)	122,711
Net decrease in cash and cash equivalents	(437,489)	(14,375)
Cash and cash equivalents at beginning of year	689,139	703,514
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 251,650**	**$ 689,139**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Refugees International, Inc. is a nonprofit organization, incorporated in 1980 and located in the District of Columbia (the organization maintained offices in New York and London) for the purpose of assisting refugees. Refugees International, Inc. focuses on the humanitarian response to forced displacement in various countries and around seven issues: neglected crises, violence against women and girls, return and reintegration, internal displacement, peacekeeping, statelessness and climate displacement.

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*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Refugees International, Inc.'s financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Cash and cash equivalents -

Refugees International, Inc. considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

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

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

Receivables -

Grants and pledges receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Other accounts receivable are recorded at their net realizable value, which approximates fair value. All grants, pledges and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

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

Property and equipment -

Property and equipment in excess of $1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Depreciation expense for the year ended December 31, 2014 totaled $9,346.

Income taxes -

Refugees International, Inc. 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. Refugees International, Inc. is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2014, Refugees International, Inc. has documented its consideration of Financial Accounting Standards Board 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.

Net assets classification -

The net assets are reported in three 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 Refugees International, Inc. 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 Refugees International, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by Refugees International, Inc. There are restrictions placed on the use of investment earnings from these endowment funds.

Contributions and grants -

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.

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

In-kind contributions -

In-kind contributions consist primarily of advertising and legal services. In-kind contributions are recorded at their fair market value as of the date of the gift.

Use of estimates -

The preparation of the 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.

Functional allocation of expenses -

Refugees International, Inc. allocates expenses to its core functional expense categories:

Program Services (Advocacy and Public Education) and Supporting Services (General/ Administrative and Fundraising) based on a review of the specific expenses and timesheets provided by each employee.

Supporting Services expenses include compensation costs associated with executive positions, and other departments (e.g. Finance, Human Resources, Fundraising, etc.) that provide general support. As a result of its small size, and the depth and breadth of interdependencies amongst the four core functional categories described above, Supporting Services expenses related to salaries and benefits are generally allocated evenly across these four core categories in the accompanying Statement of Activities and Change in Net Assets.

Risks and uncertainties -

Refugees International, Inc. invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

Refugees International, Inc. 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. Refugees International, Inc. accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

2. INVESTMENTS

Investments consisted of the following at December 31, 2014:

	Cost	Fair Value
Money market funds	$ 647,814	$ 647,814
Stocks	250,663	277,893
Mutual funds	674,689	736,534
TOTAL INVESTMENTS	**$ 1,573,166**	**$ 1,662,241**

Included in investment income are the following:

Interest and dividends	$ 51,875
Unrealized loss on investments	(22,224)
Realized gain on sales of investments	17,038
TOTAL INVESTMENT INCOME	**$ 46,689**

3. GRANTS RECEIVABLE

As of December 31, 2014, contributors to Refugees International, Inc. have made written promises to give amounts totaling $452,613. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 3.25% (the current Federal prime rate).

Grants are due as follows at December 31, 2014:

2015	$ 382,260
2016	75,000
Total	457,260
Less: Present value discount (3.25%)	(4,647)
GRANTS RECEIVABLE	**$ 452,613**

4. TEMPORARILY RESTRICTED NET ASSETS

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

Advocacy	$ 532,694
Public Education	125,000
Staff development and training	5,026
Time restricted	50,000
Earnings on permanent endowment	41,965
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**$ 754,685**

4. TEMPORARILY RESTRICTED NET ASSETS (Continued)

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Advocacy	$ 587,836
Public Education	135,500
Staff development and training	974
Fundraising	25,000
Passage of time	75,000
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**$ 824,310**

5. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are comprised of two $50,000 endowments (from the same donor) for the purpose of furthering the programmatic mission of the organization. The corpus is required to be invested in-perpetuity with the income available to support the purpose specified by the donor.

As of December 31, 2014, permanently restricted net assets totaled $100,000.

6. IN-KIND CONTRIBUTIONS

During the year ended December 31, 2014, Refugees International, Inc. was the beneficiary of certain donated professional services which allowed Refugees International, Inc. to provide greater resources toward its activities.

Following is a breakdown of donations which have been included in revenue and expense for the year ended December 31, 2014:

Donated advertising	$ 43,976
Donated legal services	44,745
Donated other	26,646
TOTAL IN KIND CONTRIBUTIONS	**$ 115,367**

The following programs have benefited from these donated services:

Advocacy	$ 28,185
Public Education	76,504
Fundraising	8,132
General and Administrative	2,546
	$ 115,367

7. FUNCTIONAL EXPENSES AND JOINT COST ALLOCATION

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

7. FUNCTIONAL EXPENSES AND JOINT COST ALLOCATION (Continued)

Refugees International, Inc. conducts various events to educate the general public of the organization's mission and purpose, as well as to appeal for funds. The costs of conducting these events included a total of $198,287 of joint costs that are not directly attributable to either the program or fundraising components of the activities. The joint costs were allocated as follows:

Public Education	$ 148,715
Fundraising	49,572
	$ 198,287

8. LEASE COMMITMENTS

On May 18, 2012, Refugees International, Inc. entered into a seven-year lease agreement for office space in the District of Columbia, effective November 1, 2012. The lease agreement includes a 2.5% annual rent escalation.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes has been recorded as a deferred rent liability in the Statement of Financial Position. For the year ended December 31, 2014, the difference between the actual monthly payments and the straight-line basis is reflected in the Statement of Financial Position as a deferred rent liability aggregating $55,278.

Refugees International, Inc. also entered into a six-month lease agreement for office space in New York, which was effective February 1, 2012; the lease automatically renewed for successive periods of six months until officially terminated in August 2014. In August 2014, Refugees International, Inc. entered into a month-to-month office lease arrangement that could be terminated by the last business day of the month following written notice provided to the lessor. Subsequent to year-end, Refugees International, Inc. terminated the lease. The effective termination date of the lease is April 30, 2015.

On May 8 2012, Refugees International, Inc. entered into a lease agreement for office space in London. The lease was month-to-month and could be terminated by either party with 90 days notice. The office lease was terminated in December 2014.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,	
2015	$ 257,944
2016	264,393
2017	271,002
2018	277,777
2019	271,726
	$ 1,342,842

Total rent expense for the year ended December 31, 2014 was $288,112, which includes operating fees and taxes.

9. RETIREMENT PLANS

Refugees International, Inc.'s employees have an option to participate in a voluntary Safe Harbor 401(k) Plan. Employees are eligible to join upon six months of employment with Refugees International, Inc. 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 80%. Matching contributions equal 100% on the first 4% of participant's compensation which is deferred as an Elective Deferral. Contributions to the plan during the year ended December 31, 2014 totaled $55,362.

Refugees International, Inc. entered into an agreement to provide an annual pension payment to a former officer based on an employment contract dated February 15, 2001. The agreement requires an initial payment of $60,000 (paid in 2006, the first year of retirement), increased by an annual cost of living allowance (COLA), with right of survivorship to the former officer's wife. During 2014, Refugees International, Inc. paid $77,939 to the former officer. The pension liability was calculated based on actuarial assumptions, which assumed a 5.5% discount rate (based on an approximate rate used by qualified pension plans under FASB ASC 715-20 and 715-30), a 2.5% rate of future COLA (based on the spread between the nominal 30-year bond yields and inflation indexed 30-year bond yields) and the participant/spouse mortality tables under the Pension Protection Act. As of December 31, 2014, the value of the accrued pension liability aggregated $1,149,472. The net effect of the pension liability adjustment during the year ended December 31, 2014 was a recovery of $35,724.

10. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, Refugees International, Inc. 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 Statement 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 that Refugees International, Inc. 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.

- *Money market funds*—Fair value is equal to the reported net asset value of the fund.
- S*tocks*—Valued at the closing price reported on the active market in which the individual securities are traded.

10. FAIR VALUE MEASUREMENT (Continued)

- *Mutual funds*—Fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

The table below summarizes, by level within the fair value hierarchy, Refugees International, Inc.'s investments as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Asset Class - Investments				
Money market funds	$ 647,814	$ -	$ -	$ 647,814
Stocks	277,893	-	-	277,893
Mutual funds	736,534	-	-	736,534
TOTAL	**$1,662,241**	**$ -**	**$ -**	**$1,662,241**

11. ENDOWMENT

The Refugees International, Inc.'s endowment consists of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Refugees International, Inc. classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The preservation of the fund;
- The purpose of the organization and donor restrictions;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment and spending policies of the organization.

Changes in endowment net assets for the year ended December 31, 2014:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 100,000	$ 100,000
Investment income	41,965	-	41,965
ENDOWMENT NET ASSETS, END OF YEAR	**$ 41,965**	**$ 100,000**	**$ 141,965**

11. ENDOWMENT (Continued)

Funds with Deficiencies -

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as funds of perpetual duration. As of December 31, 2014, there were no deficiencies in Refugees International, Inc. endowment funds.

Return Objectives and Risk Parameters -

The Refugees International, Inc. has adopted an investment and spending policy for the endowment that attempts to provide funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested to preserve principal and incur long-term capital appreciation.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Refugees International, Inc. relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

12. SUBSEQUENT EVENTS

In preparing these financial statements, Refugees International, Inc. has evaluated events and transactions for potential recognition or disclosure through April 16, 2015, the date the financial statements were issued.