

**ICNA RELIEF USA PROGRAMS
87-91 144TH STREET
JAMAICA, NY 11435**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

ICNA RELIEF USA PROGRAMS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
ICNA Relief USA Programs
87-91 144th Street
Jamaica, NY 11435

We have audited the accompanying financial statement of ICNA Relief USA Programs (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and 2015, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management 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 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 of 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 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 ICNA Relief USA Programs, as of December 31, 2016 and 2015, and the changes 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.



Farmingdale, New York
November 10, 2017

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**ICNA RELIEF USA PROGRAMS
STATEMENTS OF FINANCIAL POSITION**

| | DECEMBER 31, | |
|---|---------------------|---------------------|
| <u>ASSETS</u> | 2016 | 2015 |
| CURRENT ASSETS: | | |
| Cash | 897,408 | 918,237 |
| Grant receivable | 193,449 | 4,200 |
| Total Current Assets | 1,090,857 | 922,437 |
| FIXED ASSETS: | | |
| Land | 272,981 | 272,981 |
| Building | 1,111,367 | 1,111,367 |
| Building improvements | 327,116 | 327,116 |
| Vehicles | 131,539 | 57,935 |
| Furniture and fixtures | 27,352 | 27,352 |
| | 1,870,355 | 1,796,751 |
| Less: Accumulated depreciation | (202,531) | (144,171) |
| Total Fixed Assets | 1,667,824 | 1,652,580 |
| TOTAL ASSETS | \$ 2,758,681 | \$ 2,575,017 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES: | | |
| Due to related party | 115,000 | 115,000 |
| Sundry Creditors | 4,412 | 1,876 |
| Accrued expenses | 46,000 | 46,000 |
| Total Current Liabilities | 165,412 | 162,876 |
| LONG-TERM LIABILITIES: | | |
| Note payable less current maturity | - | - |
| Total Liabilities | 165,412 | 162,876 |
| NET ASSETS: | | |
| Unrestricted | 2,593,269 | 2,412,141 |
| Temporarily restricted | - | - |
| Total Net Assets | 2,593,269 | 2,412,141 |
| TOTAL LIABILITIES & NET ASSETS | \$ 2,758,681 | \$ 2,575,017 |

See notes to financial statements.

**ICNA RELIEF USA PROGRAMS
STATEMENTS OF ACTIVITIES**

| | FOR THE YEAR ENDED DECEMBER 31, | |
|--|--|--------------------------------|
| | <u>2016</u> | <u>2015</u> |
| UNRESTRICTED NET ASSETS | | |
| Operating unrestricted public support and revenues | 7,118,827 | \$ 5,550,873 |
| In-kind contribution and donated services | <u>2,814,121</u> | <u>3,057,531</u> |
| Total unrestricted public support and revenues | 9,932,948 | 8,608,404 |
| EXPENSES | | |
| Program services | 8,706,864 | 7,328,765 |
| Supporting services | | |
| Management and general expenses | 407,164 | 370,107 |
| Fund raising expenses | <u>637,792</u> | <u>591,251</u> |
| Total Expenses | 9,751,820 | 8,290,123 |
| Increase in unrestricted net assets | 181,128 | 318,281 |
| TEMPORARILY RESTRICTED NET ASSETS | | |
| Net assets released from restrictions | <u>-</u> | <u>-</u> |
| Increase in temporarily restricted net assets | <u>-</u> | <u>-</u> |
| Increase in net assets | 181,128 | 318,281 |
| Net assets, beginning of year | <u>2,412,141</u> | <u>2,093,860</u> |
| Net assets, end of year | <u><u>\$2,593,269</u></u> | <u><u>\$ 2,412,141</u></u> |

See notes to financial statements.

**ICNA RELIEF USA PROGRAMS
STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED
DECEMBER 31,**

| | 2016 | 2015 |
|---|-------------|-------------|
| Cash flow from operating activities | | |
| Increase in net assets | \$ 181,128 | \$ 318,281 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expenses | 58,360 | 14,876 |
| In-kind contribution and donated services | (2,814,121) | (3,057,531) |
| Distribution of in-kind contribution and donated services | 2,814,121 | 3,057,531 |
| (Increase) decrease in grant receivable | (189,249) | (4,200) |
| Increase (decrease) in sundry creditors | 2,536 | (4,060) |
| Net cash provided by operating activities | 52,775 | 324,897 |
| Cash flow from investing activities | | |
| Purchase of property and equipment | (73,604) | (809,534) |
| Net cash used in investing activities | (73,604) | (809,534) |
| Cash flow from financing activities | | |
| Principal payment of note payable | - | (22,375) |
| Net cash used in financing activities | - | (22,375) |
| NET INCREASE IN CASH | (20,829) | (507,012) |
| Cash, beginning of year | 918,237 | 1,425,249 |
| Cash, end of year | \$ 897,408 | \$ 918,237 |
| Supplemental cash flow information: | | |
| Fixed assets additions in accounts payable at end of year | \$ - | \$ - |

See notes to financial statements.

ICNA RELIEF USA PROGRAMS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

| | Program Expenses | Management & General Expenses | Fund Fund Raising Expenses | Total Expenses | |
|-------------------------------|-----------------------------|--|---|-----------------------|---------------------|
| | | | | 2016 | 2015 |
| Payroll and taxes | \$ 2,102,527 | \$ 224,951 | \$ 81,162 | 2,408,640 | \$ 1,646,087 |
| Employee benefits | 53,811 | 27,245 | 7,419 | 88,475 | 88,776 |
| Community assistance | 4,382,375 | - | - | 4,382,375 | 4,203,228 |
| Professional fees | 1,750 | 30,516 | - | 32,266 | 15,441 |
| Dues and subscriptions | 11,359 | 8,057 | - | 19,416 | 13,742 |
| Contractual services | 428,985 | 25,001 | 237,866 | 691,852 | 626,647 |
| Telephone and internet | 43,171 | 11,143 | 768 | 55,082 | 38,005 |
| Insurance | 98,767 | 4,723 | - | 103,490 | 46,572 |
| Utilities | 72,952 | - | 6,062 | 79,014 | 76,312 |
| Occupancy | 300,797 | - | 83,758 | 384,555 | 374,511 |
| Conventions & conferences | 180,716 | 725 | 48,956 | 230,397 | 292,173 |
| Advertising | 103,141 | - | 50,600 | 153,741 | 101,055 |
| Printing and publications | 100,224 | - | 81,904 | 182,128 | 206,380 |
| Postage and shipping | 16,877 | - | 4,630 | 21,507 | 12,691 |
| Supplies | 100,789 | 1,575 | 13,000 | 115,364 | 85,381 |
| Repairs and maintenance | 307,170 | - | - | 307,170 | 113,652 |
| Traveling and transportations | 300,593 | 10,243 | 21,667 | 332,503 | 292,511 |
| Bank and credit card charges | 100,635 | 4,625 | - | 105,260 | 33,559 |
| Depreciation | - | 58,360 | - | 58,360 | 23,234 |
| Miscellaneous | 225 | - | - | 225 | 166 |
| Total expenses | \$ 8,706,864 | \$ 407,164 | \$ 637,792 | \$ 9,751,820 | \$ 8,290,123 |

See notes to financial statements.

ICNA RELIEF USA PROGRAMS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED DECEMBER 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities:

The ICNA Relief USA Programs (herein referred to as (“ICNA Relief” or “Organization”), was organized as a non-profit organization in the state of New York on February 22, 2005 and received their exemption status as a Public Charity under section 501 (c) (3) of Internal Revenue Code, effective as of that date.

ICNA Relief was formed to provide food, medicines, clothing, shelter and other humanitarian help to the needy, poor, sick, disabled and destitute individuals within the United States. The Organization also provides various services in disaster effected areas such as hot food, clothing, medical and hygienic items and long term recovery for disaster effectees. Every year, the Organizations’ volunteers distribute thousands of school bags and school supplies to children in under-served, impoverished communities. In 2016, more than 23,000 school bags with supplies were distributed to children in 100 locations in the U.S. Also, the Organization provides temporary shelter to the homeless women who stay in the rented and owned facility. Residents at shelter are provided with food, individual and group counseling, case management, access to vocational training and supportive services to help them obtain permanent housing, employment, and financial assistance. As of December 31, 2016, the Organization has fourteen women shelters located in various cities of the country.

ICNA Relief combats the healthcare crisis by offering free medical services to those who don’t qualify for state-sponsored health insurance and/or cannot purchase private insurance. ICNA Relief’s health clinics are staffed by a dedicated force of volunteers who are responsible for everything from direct patient care to administrative tasks.

Contributions for these programs come from the general public; the Organization has not received any governmental funding.

Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. There was no Pledges Receivable outstanding as of December 31, 2016 and 2015. It is common practice

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for donors to authorize monthly donations via direct debits from their credit cards. These types of donations may be cancelled by the donor at any time, and as such, accruals are not made for these donations; they are accounted for as an increase in net assets at the time the donation is deposited in ICNA Relief's bank account.

Restricted and unrestricted revenue and support:

Contributions that are restricted by the donor are reported as increase in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increase in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

ICNA Relief did not have any permanently restricted funds at any time during 2016 and 2015. Donors are entitled, with limitation to itemize their donations for income tax purposes.

In-kind contribution and donated services:

In-kind contribution of property, equipment and supplies totaled \$1,057,800 and \$1,302,800 for the year ended December 31, 2016 and 2015, respectively.

The Organization receives significant donations of time and services from members of the community and volunteers related to program operation, and special events. Donated services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset or meet all of the following criteria: a) the services requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. Services meeting the criteria for recognition in the financial statements totaled \$ 1,756,321 for the year ended December 31, 2016.

The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. For the year ended December 31, 2016, the estimated fair value of these services, based on the estimated dollar value of volunteer time calculated by average rate by job category, totaled \$86,835. The value of these services is not reflected in the financial statements.

Grant revenue/receivable:

Cost reimbursement grants are recognized as revenue when the expenses are incurred. Amounts earned but not received are reported as grant receivable. Other revenue is recognized when earned. The organization earned grant revenue of \$387,899 and Nil for the year ended December 31, 2016 and 2015.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant revenue of \$193,449 is receivable as of December 31, 2016 out of total grant revenue earned in 2016.

Property and Equipment:

It is Organization's policy to capitalize all expenditures in excess of \$1,000 for property and equipment at cost. Depreciation is provided over the estimated useful life of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred. Depreciation expense for the year ended December 31, 2016 and 2015 was \$58,360 and \$23,234, respectively.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation:

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.

Advertising Expense:

The Organization expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2016 and 2015 was \$153,741 and \$101,055, respectively.

Functional Expenses Allocation:

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

Income Taxes:

ICNA Relief is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as a Public Charity. The Organization does not have any income from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization files Federal, New York, New Jersey, Florida, Louisiana, Missouri, Alabama, South Carolina, Massachusetts, Texas, Georgia, and Arizona tax returns.

Reclassifications:

Certain amounts in the 2015 financial statements have been reclassified for comparative purposes to conform to presentation in the 2016 financial statements.

NOTE 2 – FUND ACCOUNTING

To ensure observance of limitations and restriction placed on the use of resources available to Organization, the accounting books and records of ICNA Relief are maintained in accordance with the principles of fund accounting. Resources for various purposes are therefore, classified for accounting and reporting purposes into funds established according to their nature and purpose. The Organization has twelve field offices in various cities of the United States in addition to the head office in Jamaica, New York. All intra-office accounts and transactions have been eliminated in financial statements.

NOTE 3 – RELATED PARTY TRANSACTIONS

The following transaction were conducted during 2016 and 2015 with Islamic Circle of North America (ICNA), a not for profit section 501(c) (3) Organization. Some of the board members of ICNA have voting interest in the Organization.

The Organization received grant from ICNA in the amount of \$24,779 and \$14,405 for the year ended December 31, 2016 and 2015, respectively.

On January 1, 2008, the Organization leased ground floor office space for administrative use and women shelter on 2nd floor from ICNA. The lease, expiring December 31, 2018, requires the Organization to pay annual rent in the amount of \$18,000 and to pay property taxes and all expenses related to the general maintenance of the property, such as insurance and utilities. During 2007 and 2008 the Organization incurred \$226,000 for the renovation of the property. In 2007 and 2008 ICNA reimbursed \$155,876 to the Organization. Per lease agreement, the remaining unreimbursed costs of the renovation will be adjusted against the annual rent. As of December 31, 2016 and 2015, \$115,000 and \$115,000, respectively, was payable against renovation costs and interest free loan.

NOTE 4 - CONCENTRATION OF CREDIT RISK

Cash maintained in accounts with financial institutions may, at times, exceed the federally insured \$250,000 limit per institution. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk with respect to cash and cash equivalent.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 10, 2017, the date the financial statements were available to be issued.