

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

Mohammad Saleem Nabi, CPA

## ICNA RELIEF USA PROGRAMS

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## **INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying statement of financial position of ICNA Relief USA Programs (a non profit organization), as of December 31, 2009, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 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.

  
Manhasset Hills, New York  
June 01, 2010

**ICNA RELIEF USA PROGRAMS**  
Statement of Financial Position  
December 31, 2009

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 516,659
Grant receivable - Note 3	240,399
Sundry receivable	37,144
Prepaid rent	18,000
	812,202

**TOTAL CURRENT ASSETS**

812,202

**FIXED ASSETS**

Land - Note 4	45,750
Buildings - Note 4	177,409
Building improvements - Note 5	54,920
Vehicle	6,800
Furniture, fixtures and equipment	22,722
Less: Accumulated depreciation	(12,983)
	294,618

**TOTAL FIXED ASSETS**

294,618

**OTHER ASSETS**

Deferred rent expense	16,124
Security deposits	11,444
	27,568

**TOTAL OTHER ASSETS**

27,568

**TOTAL ASSETS**

\$ 1,134,388

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITY**

Current maturity of note payable	\$ 13,500
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**LONG-TERM LIABILITY**

Note payable less current maturity - Note 6	126,375
	139,875

**TOTAL LIABILITIES**

139,875

**NET ASSETS**

Unrestricted	911,810
Temporarily restricted	82,703
	994,513

**TOTAL NET ASSETS**

994,513

**TOTAL LIABILITIES AND NET ASSETS**

\$ 1,134,388

See accompanying notes.

**ICNA RELIEF USA PROGRAMS**  
Statement of Activities  
For The Year Ended December 31, 2009

<b>UNRESTRICTED NET ASSETS</b>	
Operating unrestricted public supports and revenues	\$ 1,490,268
Cost reimbursement grants	1,647,503
Other grant income Note 7	63,188
Net assets released from restrictions	
Restrictions satisfied by payments	29,520
<b>TOTAL UNRESTRICTED PUBLIC SUPPORTS AND REVENUES</b>	<u>3,230,479</u>
<b>Expenses</b>	
Program services	3,032,238
Supporting services	
Management and general expenses	256,764
Fund -raising expenses	<u>38,457</u>
<b>TOTAL EXPENSES</b>	<u>3,327,459</u>
<b>DECREASE IN UNRESTRICTED NET ASSETS</b>	(96,980)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>	
Temporarily restricted public supports and revenues	38,657
Net assets released from restrictions	<u>(29,520)</u>
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>9,137</u>
<b>DECREASE IN NET ASSETS</b>	(87,843)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,082,356</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 994,513</u></u>

See accompanying notes.

**ICNA RELIEF USA PROGRAMS**  
Statement of Cash Flows  
For The Year Ended December 31, 2009

<b>Cash flow from operating activities</b>	
Decrease in net assets	\$ (87,843)
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities	
Depreciation	8,812
Increase in grant receivable	(240,399)
Increase in sundry receivable	(34,644)
Decrease in other assets	<u>6,556</u>
Net cash used by operating activities	<u>(347,518)</u>
<b>Cash flow from investing activities</b>	
Purchase of property, furniture and equipment	<u>(293,072)</u>
Net cash used by investing activities	<u>(293,072)</u>
<b>Cash flow from financing activities</b>	
Proceeds from note payable	150,000
Principal payment on note	<u>(10,125)</u>
Net cash provided by financing activities	<u>139,875</u>
NET DECREASE IN CASH	(500,715)
Cash, beginning of year	<u>1,017,374</u>
Cash, end of year	<u><u>\$ 516,659</u></u>

See accompanying notes.

**ICNA RELIEF USA PROGRAMS**  
**Statement of Functional Expenses**  
**For The Year Ended December 31, 2009**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Payroll and taxes	\$ 1,405,868	\$ 159,178	\$ -	\$ 1,565,046
Employee benefits	112,098	36,752	-	148,850
Grants and allocations Note 7	71,972			71,972
Community assistance	753,337	-	-	753,337
Professional fees	-	4,000	-	4,000
Dues and subscriptions	-	5,275	-	5,275
Contractual services	99,815	2,480	-	102,295
Leased employees	25,000	15,218		40,218
Consultancy	57,891	-	-	57,891
Telephone	49,701	2,361	-	52,062
Office expense	29,718	-	-	29,718
Insurance	12,088	-	-	12,088
Utilities	16,931	-	-	16,931
Occupancy	94,148	23,224	-	117,372
Conventions and conferences	38,539	-	1,050	39,589
Advertising	26,100	-	35,650	61,750
Printing and publication	40,239	-	-	40,239
Postage and shipping	5,559	-	-	5,559
Supplies	92,830	145	1,614	94,589
Repairs and maintenance	8,154	-	-	8,154
Traveling and transportation	87,940	1,601	-	89,541
Depreciation	3,733	5,079	-	8,812
Bank charges	-	261	-	261
Miscellaneous	577	1,190	143	1,910
	<u>\$ 3,032,238</u>	<u>\$ 256,764</u>	<u>\$ 38,457</u>	<u>\$ 3,327,459</u>

See accompanying notes.

**ICNA RELIEF USA PROGRAMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR THEN ENDED DECEMBER 31, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities:

The ICNA Relief USA Programs (herein referred to as ICNA Relief), 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. Also, the Organization provides temporary shelter to the women who stay in the rented and owned facility. Residents at shelter are provided with food, counseling services to help them obtain permanent housing, employment, and financial assistance. Contributions for these programs come from the general public; the Organization has not received any governmental funding.

The Organization's operating programs for the year ended December 31, 2009 include the following cost reimbursement grants as well as other miscellaneous programs.

A contract with Catholic Charities USA, a non-profit agency to provide certain disaster case management services to the victim Gustav in Baton Rouge, Louisiana.

A contract with Lutheran Social Services Disaster Response, Inc (LSSDR) to establish and implement the Recovery for Ike Survivors Enterprise (RISE) disaster case management program, funded by the Federal Emergency Management Agency (FEMA) and administered through the Texas Health and Human Services Commission (HHSC), to provide case management services to survivors of Hurricane Ike in Texas counties of Galveston, Grimes, Madison, Montgomery and Walker.

A contract with the Catholic Charities of the Archdiocese of Galveston-Houston (CCAGH) to establish and implement the Social Services Block Grant (SSBG) Supplemental Funds Project, funded by the Texas Health and Human Services Commission (HHSC) and administered by Houston-Galveston Area Council (H-GAC).



## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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, 2009. It is common practice 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 2009. Donors are entitled, with limitation to itemize their donations for income tax purposes.

### Donated property and equipment:

Donation of property and use of property are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The value of donated property and use of property was \$500,000 in 2009. The donation consisted of food and grocery items for the meal program.

### Grant revenue:

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.

### 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 was \$8,812 for the year ended December 31, 2009.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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.

### 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.

## 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.

## NOTE 3 – GRANTS RECEIVABLE

Grants receivable consist of expenditures incurred under cost reimbursement grants. No allowance for doubtful accounts has been provided for receivables as management deems balance at December 31, 2009 to be collectible.

## NOTE 4 – LAND AND BUILDING

In 2009, the Organization acquired the following properties to be used as administrative office, women shelter and food pantry:

A property (land and building) in Harris County, Houston, Texas. The net purchase price was \$200,000. The Organization paid \$50,000 in cash and the balance to be payable in the form of installment promissory note. (See Note 6).  
A property in Baton Rouge, Louisiana. The net purchase price of \$22,500 was paid in cash. Additional costs of \$659 were incurred at the time of closing.

#### NOTE 5 – MAJOR IMPROVEMENTS

In April 2009, the Organization entered into a contract with J&R Development for the renovation of property acquired in Houston, Texas. The total contract was \$8,069 and was completed and paid in full as of December 31, 2009.

In May 2009, the Organization entered into a contract with a contractor for the renovation of property acquired in Baton Rouge, Louisiana. The total contract was \$50,270. As of December 31, 2009, \$35,189 was paid toward this contract. Additional cost of \$11,660 was also incurred for the renovation of this property.

#### NOTE 6 – NOTE PAYABLE

On March 12, 2009, the Organization signed a note with J&R Development for the purpose of acquiring a property in Houston, Texas. The note, in the principal amount of \$150,000 has a four year maturity with no interest. Until the note is paid in full, the Organization will pay rent to Lender in the amount of \$1,125 per month beginning April 12, 2009 and continuing until March 12, 2011. For the next two additional 12 month periods, lender and borrower (the Organization) will determine the rental amount per month for each period respectively according to the principal balance with mutual agreement. All additional payments made each month will be applied to the principal.

The Organization reserves the right to repay this note whole or in part prior to the due date with no prepayment penalty. The note is secured by a deed of trust dated March 12, 2009.

#### NOTE 7 – RELATED PARTY TRANSACTIONS

The following transaction were conducted during 2009 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.

For the year ended December 31, 2009, the Organization received grant from ICNA in the amount of \$63,188.

For the year ended December 31, 2009, the Organization made grant to ICNA in the amount of \$58,927.

Also, on January 1, 2008, the Organization leased ground floor office space for administrative use and women shelter on 2<sup>nd</sup> 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

NOTE 7 – RELATED PARTY TRANSACTIONS (Continued)

agreement, the remaining unreimbursed costs of the renovation will be adjusted against the annual rent. The unreimbursed costs are being reflected on the balance sheet under Other Assets as Deferred Rent Expense with the current portion as prepaid rent.

NOTE 8 - CONCENTRATION OF CREDIT RISK

The Organization has funds on deposit at Bank of America. As of December 31, 2009, the Organization's deposits exceed federal depository insurance coverage by approximately \$337,960.