

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

## ICNA RELIEF USA PROGRAMS

### INDEX

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF CASH FLOWS	4
STATEMENT OF FUNCTIONAL EXPENSES	5
NOTES TO FINANCIAL STATEMENTS	6-10

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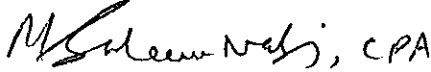
## **INDEPENDENT AUDITOR'S REPORT**

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, 2010, 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, 2010, 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  
October 14, 2011

**ICNA RELIEF USA PROGRAMS**  
Statement of Financial Position  
December 31, 2010

**ASSETS**

<b>CURRENT ASSETS</b>	
Cash	\$ 481,571
Grant receivable - Note 3	<u>185,763</u>
<b>TOTAL CURRENT ASSETS</b>	<u>667,334</u>
<b>FIXED ASSETS</b>	
Land	45,750
Buildings	177,409
Building improvements - Note 4	83,261
Vehicle	6,800
Furniture, fixtures and equipment	22,722
Less: Accumulated depreciation	<u>(25,003)</u>
<b>TOTAL FIXED ASSETS</b>	<u>310,939</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 978,273</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITY</b>	
Current maturity of note payable	\$ 13,500
Accrued expenses	1,876
Due to related party - Note 5	<u>145,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	160,376
<b>LONG-TERM LIABILITY</b>	
Note payable less current maturity - Note 6	<u>111,750</u>
<b>TOTAL LIABILITIES</b>	<u>272,126</u>
<b>NET ASSETS</b>	
Unrestricted	601,606
Temporarily restricted	<u>104,541</u>
<b>TOTAL NET ASSETS</b>	<u>706,147</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 978,273</u></u>

See accompanying notes.

**ICNA RELIEF USA PROGRAMS**  
Statement of Activities  
For The Year Ended December 31, 2010

<b>UNRESTRICTED NET ASSETS</b>	
Operating unrestricted public supports and revenues	\$ 2,583,465
Cost reimbursement grants	1,682,253
Net assets released from restrictions	
Restrictions satisfied by payments	24,014
<b>TOTAL UNRESTRICTED PUBLIC SUPPORTS AND REVENUES</b>	<u>4,289,732</u>
<b>Expenses</b>	
Program services	4,283,549
Supporting services	
Management and general expenses	303,456
Fund -raising expenses	<u>12,931</u>
<b>TOTAL EXPENSES</b>	<u>4,599,936</u>
<b>DECREASE IN UNRESTRICTED NET ASSETS</b>	(310,204)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>	
Temporarily restricted public supports and revenues	45,852
Net assets released from restrictions	<u>(24,014)</u>
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>21,838</u>
<b>DECREASE IN NET ASSETS</b>	(288,366)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>994,513</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 706,147</u></u>

See accompanying notes.

**ICNA RELIEF USA PROGRAMS**  
Statement of Cash Flows  
For The Year Ended December 31, 2010

<b>Cash flow from operating activities</b>	
Decrease in net assets	\$ (288,366)
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities	
Depreciation	12,020
Decrease in grant receivable	54,636
Decrease in sundry receivable	37,144
Decrease in prepaid rent	18,000
Decrease in other assets	27,568
Increase in accrued expenses	<u>1,876</u>
Net cash used by operating activities	<u>(137,122)</u>
<b>Cash flow from investing activities</b>	
Purchase of property, furniture and equipment	<u>(28,341)</u>
Net cash used by investing activities	<u>(28,341)</u>
<b>Cash flow from financing activities</b>	
Proceeds from loan	145,000
Principal payment on note	<u>(14,625)</u>
Net cash provided by financing activities	<u>130,375</u>
NET DECREASE IN CASH	(35,088)
Cash, beginning of year	<u>516,659</u>
Cash, end of year	<u><u>\$ 481,571</u></u>

See accompanying notes.

**ICNA RELIEF USA PROGRAMS**  
**Statement of Functional Expenses**  
**For The Year Ended December 31, 2010**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Payroll and taxes	\$ 1,637,910	\$ 203,120	\$ -	\$ 1,841,030
Employee benefits	241,123	41,965	-	283,088
Grants and allocations	60,010			60,010
Community assistance	1,543,717	-	-	1,543,717
Professional fees	-	6,000	-	6,000
Dues and subscriptions	-	4,205	-	4,205
Contractual services	283,026	-	4,861	287,887
Telephone	54,995	2,272	254	57,521
Office expense	14,350	-	-	14,350
Insurance	10,500	-	-	10,500
Utilities	22,090	-	-	22,090
Occupancy	135,658	36,000	-	171,658
Conventions and conferences	41,474	-	1,000	42,474
Advertising	40,165	-	5,700	45,865
Printing and publication	56,354	-	-	56,354
Postage and shipping	5,839	-	-	5,839
Supplies	23,161	-	90	23,251
Repairs and maintenance	5,250	-	-	5,250
Traveling and transportation	102,787	1,710	1,026	105,523
Bank charges	-	900	-	900
Depreciation	4,836	7,184	-	12,020
Miscellaneous	304	100	-	404
	<u>\$ 4,283,549</u>	<u>\$ 303,456</u>	<u>\$ 12,931</u>	<u>\$ 4,599,936</u>

See accompanying notes.

**ICNA RELIEF USA PROGRAMS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THEN ENDED DECEMBER 31, 2010**

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, 2010 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, 2010. 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 2010. Donors are entitled, with limitation to itemize their donations for income tax purposes.

### Contributed Services:

During 2010, many individuals volunteer their time to perform the various activities of the Organization. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts under SFAS 116 have not been satisfied.

### 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 \$1,350,000 in 2010. 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.

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

### 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 \$12,020 for the year ended December 31, 2010.

### 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, 2010 to be collectible.

#### NOTE 4 – MAJOR IMPROVEMENTS

During 2010, the Organization entered into a contract with a contractor for the renovation of property acquired in Baton Rouge, Louisiana. The total contract was \$26,841. As of December 31, 2010, the contract was paid in full. Additional cost of \$1,500 was also incurred for the renovation of this property.

#### NOTE 5 – RELATED PARTY TRANSACTIONS

The following transaction were conducted during 2010 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.

During 2010, the Organization received interest free loan from ICNA in the amount of \$145,000.

For the year ended December 31, 2010, the Organization made grant to ICNA in the amount of \$40,000.

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 agreement, the remaining unreimbursed costs of the renovation will be adjusted against the annual rent.

In 2010, the lease has been amended. Effective January 1, 2010, the Organization shall pay monthly rent in the amount of \$3,000.

#### 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.

During 2010, \$14,625 was paid against this note.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Organization has funds on deposit at Bank of America. As of December 31, 2010, the Organization's deposits exceed federal depository insurance coverage by approximately \$260,200.