

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

Syed W. Quadri, CPA

ICNA RELIEF USA PROGRAMS

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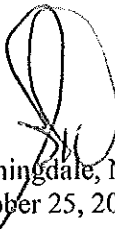
INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of ICNA Relief USA Programs (a non profit organization), as of December 31, 2011, 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. 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 ICNA Relief USA programs as of December 31, 2011, 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.


Syed W. Quadri, CPA PC
Farmingdale, New York
October 25, 2012

ICNA RELIEF USA PROGRAMS
Statement of Financial Position
December 31, 2011

ASSETS

CURRENT ASSETS	
Cash	\$ 900,742
Sundry receivable	<u>17,750</u>
TOTAL CURRENT ASSETS	<u>918,492</u>
 FIXED ASSETS	
Land	45,750
Buildings	177,409
Building improvements	83,261
Vehicle	46,935
Furniture, fixtures and equipment	22,722
Less: Accumulated depreciation	<u>(66,756)</u>
TOTAL FIXED ASSETS	<u>309,321</u>
 TOTAL ASSETS	 <u><u>\$ 1,227,813</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITY	
Current maturity of note payable	\$ 13,500
Accrued expenses	48,000
Due to related party - Note 3	<u>91,876</u>
TOTAL CURRENT LIABILITIES	153,376
 LONG-TERM LIABILITY	
Note payable less current maturity - Note 4	<u>48,250</u>
TOTAL LIABILITIES	<u>201,626</u>
 NET ASSETS	
Unrestricted	889,377
Temporarily restricted	<u>136,810</u>
TOTAL NET ASSETS	<u>1,026,187</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,227,813</u></u>

See accompanying notes.

ICNA RELIEF USA PROGRAMS
Statement of Activities
For The Year Ended December 31, 2011

UNRESTRICTED NET ASSETS	
Operating unrestricted public supports and revenues	\$ 3,670,107
Cost reimbursement grants	603,225
Interest income	9
Net assets released from restrictions	
Restrictions satisfied by payments	114,061
TOTAL UNRESTRICTED PUBLIC SUPPORTS AND REVENUES	<u>4,387,402</u>
Expenses	
Program services	3,685,836
Supporting services	
Management and general expenses	302,599
Fund -raising expenses	<u>111,196</u>
TOTAL EXPENSES	<u>4,099,631</u>
INCREASE IN UNRESTRICTED NET ASSETS	287,771
TEMPORARILY RESTRICTED NET ASSETS	
Temporarily restricted public supports and revenues	146,330
Net assets released from restrictions	<u>(114,061)</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>32,269</u>
INCREASE IN NET ASSETS	320,040
NET ASSETS, BEGINNING OF YEAR	<u>706,147</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,026,187</u></u>

See accompanying notes.

ICNA RELIEF USA PROGRAMS
Statement of Cash Flows
For The Year Ended December 31, 2011

Cash flow from operating activities	
Increase in net assets	\$ 320,040
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities	
Depreciation	41,753
Decrease in grant receivable	185,763
Increase in sundry receivable	(17,750)
Increase in accrued expenses	<u>48,000</u>
Net cash provided by operating activities	<u>577,806</u>
Cash flow from investing activities	
Purchase of property, furniture and equipment	<u>(40,135)</u>
Net cash used by investing activities	<u>(40,135)</u>
Cash flow from financing activities	
Principal payment on loan	(55,000)
Principal payment on note	<u>(63,500)</u>
Net cash used by financing activities	<u>(118,500)</u>
NET INCREASE IN CASH	419,171
Cash, beginning of year	<u>481,571</u>
Cash, end of year	<u><u>\$ 900,742</u></u>

See accompanying notes.

ICNA RELIEF USA PROGRAMS
Statement of Functional Expenses
For The Year Ended December 31, 2011

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Payroll and taxes	\$ 711,392	\$ 173,425	\$ -	\$ 884,817
Employee benefits	97,810	41,581	-	139,391
Grants and allocations	12,595	-	-	12,595
Community assistance	1,913,568	-	-	1,913,568
Professional fees	26,899	6,211	-	33,110
Dues and subscriptions	-	3,720	-	3,720
Contractual services	324,595	20,625	80,463	425,683
Telephone and internet	36,708	2,368	109	39,185
Insurance	12,894	-	-	12,894
Utilities	23,569	-	-	23,569
Occupancy	71,134	36,000	-	107,134
Conventions and conferences	145,086	-	-	145,086
Advertising	16,450	-	10,050	26,500
Printing and publication	59,791	-	-	59,791
Postage and shipping	11,165	-	-	11,165
Supplies	13,422	295	-	13,717
Repairs and maintenance	24,488	-	-	24,488
Traveling and transportation	142,198	4,281	20,574	167,053
Bank charges	84	4,135	-	4,219
Depreciation	32,045	9,708	-	41,753
Miscellaneous	9,943	250	-	10,193
	<u>\$ 3,685,836</u>	<u>\$ 302,599</u>	<u>\$ 111,196</u>	<u>\$ 4,099,631</u>

See accompanying notes.

ICNA RELIEF USA PROGRAMS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED DECEMBER 31, 2011

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, 2011 include the following cost reimbursement grants as well as other miscellaneous programs.

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.

Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. There were no Pledges Receivable outstanding as of December 31, 2011. It is common practice for

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2011. Donors are entitled, with limitation to itemize their donations for income tax purposes.

Contributed Services:

During 2011, 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 \$1,590,000 in 2011. The donation consisted of food and grocery items for the meal program, school bags and supplies for back to school giveaway programs and equipment and over the counter medicine for health services.

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. There was no grant receivable as at December 31, 2011.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

maintenance are expensed as incurred.

Depreciation expense was \$41,753 for the year ended December 31, 2011.

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.

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 – RELATED PARTY TRANSACTIONS

The following transaction were conducted during 2011 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 2011, the Organization repaid interest free loan to ICNA in the amount of \$55,000.

NOTE 3 – RELATED PARTY TRANSACTIONS (Continued)

For the year ended December 31, 2011, the Organization received grant from ICNA in the amount of \$16,000.

Also, 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.

In 2010, the lease has been amended. Effective January 1, 2010, the Organization shall pay monthly rent in the amount of \$3,000. Rent in the amount of \$36,000 was payable at December 31, 2011.

NOTE 4 – 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 2011, \$63,500 was paid against this note.

NOTE 5 - CONCENTRATION OF CREDIT RISK

The Federal Deposit Insurance Corporation (“FDIC”) deposit insurance is \$250,000 per depositor per institution on interest bearing accounts. Noninterest bearing accounts are fully insured through December 31, 2012. At times, balances may be in excess of FDIC insurance limits. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 25, 2012, the date the financial statements were available to be issued.