

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**ICNA RELIEF USA PROGRAMS**

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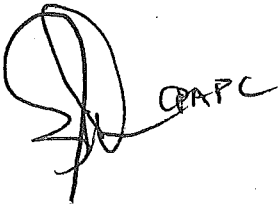
## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of ICNA Relief USA Programs (a non profit organization), as of December 31, 2012, 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, 2012, 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.



Farmingdale, New York  
January 25, 2014

**ICNA RELIEF USA PROGRAMS**  
**Statement of Financial Position**  
**December 31, 2012**

| <b>ASSETS</b>                           |        | <u>2012</u>                | <u>2011</u>                |
|---|--------|----------------------------|----------------------------|
| <b>CURRENT ASSETS</b>                   |        |                            |                            |
| Cash                                    |        | \$ 1,024,321               | \$ 900,742                 |
| Sundry Receivable                       |        | 26,000                     | 17,750                     |
| <b>TOTAL CURRENT ASSETS</b>             |        | <u>1,050,321</u>           | <u>918,492</u>             |
| <b>FIXED ASSETS</b>                     |        |                            |                            |
| Land                                    |        | 61,167                     | 45,750                     |
| Buildings                               |        | 264,773                    | 177,409                    |
| Building improvements                   |        | 127,711                    | 83,261                     |
| Vehicles                                |        | 46,935                     | 46,935                     |
| Furniture, fixture and equipment        |        | 27,352                     | 22,722                     |
| Less: Accumulated depreciation          |        | (81,740)                   | (66,756)                   |
| <b>TOTAL FIXED ASSETS</b>               |        | <u>446,199</u>             | <u>309,321</u>             |
| <b>TOTAL ASSETS</b>                     |        | <u><u>\$ 1,496,520</u></u> | <u><u>\$ 1,227,813</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>       |        |                            |                            |
|   |        | <u>2012</u>                | <u>2011</u>                |
| <b>CURRENT LIABILITIES</b>              |        |                            |                            |
| Current maturity of note payable        | Note 4 | \$ 13,500                  | \$ 13,500                  |
| Due to related Party                    | Note 3 | 91,876                     | 91,876                     |
| Accounts Payable                        |        | 24,104                     | -                          |
| Accrued Expenses                        |        | 4,100                      | 48,000                     |
| <b>TOTAL CURRENT LIABILITIES</b>        |        | <u>133,580</u>             | <u>153,376</u>             |
| <b>LONG TERM LIABILITIES</b>            |        |                            |                            |
| Note payable less current maturity      | Note 4 | 34,750                     | 48,250                     |
| <b>TOTAL LIABILITIES</b>                |        | <u>168,330</u>             | <u>201,626</u>             |
| <b>NET ASSETS</b>                       |        |                            |                            |
| Unrestricted                            |        | 1,191,380                  | 889,377                    |
| Temporarily restricted                  |        | 136,810                    | 136,810                    |
| <b>TOTAL NET ASSETS</b>                 |        | <u>1,328,190</u>           | <u>1,026,187</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> |        | <u><u>\$ 1,496,520</u></u> | <u><u>\$ 1,227,813</u></u> |

See independent accountant's report and notes to financial statements

Syed W. Quadri, CPA, PC

**ICNA RELIEF USA PROGRAMS**  
**Statement of Activities**  
**For The Year Ended December 31, 2012**

|   | <u>2012</u>                | <u>2011</u>                |
|---|----------------------------|----------------------------|
| <b>UNRESTRICTED NET ASSETS</b>                        |                            |                            |
| Operating unrestricted public support and revenues    | 5,238,851                  | 3,670,107                  |
| Cost reimbursement grants                             | -                          | 603,225                    |
| Interest income                                       | 6                          | 9                          |
| Net assets released from restrictions                 |                            |                            |
| Restrictions satisfied by payments                    | -                          | 114,061                    |
| <b>TOTAL UNRESTRICTED PUBLIC SUPPORT AND REVENUES</b> | <u>5,238,857</u>           | <u>4,387,402</u>           |
| <b>EXPENSES</b>                                       |                            |                            |
| Program services                                      | 4,185,834                  | 3,675,846                  |
| Supporting services                                   |                            |                            |
| Management and general expenses                       | 284,477                    | 312,589                    |
| Fund-raising expenses                                 | 466,543                    | 111,196                    |
| <b>TOTAL EXPENSES</b>                                 | <u>4,936,854</u>           | <u>4,099,631</u>           |
| <b>INCREASE IN UNRESTRICTED NET ASSETS</b>            | 302,003                    | 287,771                    |
| <b>TEMPORARILY RESTRICTED NET ASSETS</b>              |                            |                            |
| Temporarily restricted public support and revenues    | -                          | 146,330                    |
| Net assets released from restrictions                 | -                          | (114,061)                  |
| <b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>  | -                          | 32,269                     |
| <b>INCREASE IN NET ASSETS</b>                         | <u>302,003</u>             | <u>320,040</u>             |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                  | <u>1,026,187</u>           | <u>706,147</u>             |
| <b>NET ASSETS, END OF YEAR</b>                        | <u><u>\$ 1,328,190</u></u> | <u><u>\$ 1,026,187</u></u> |

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**ICNA RELIEF USA PROGRAMS**  
**Statement of Functional Expenses**  
**For The Year Ended December 31, 2012**

|                              | <u>Program<br/>Services</u> | <u>General and<br/>Administrative</u> | <u>Fund<br/>Raising</u> | <u>Total</u>        |
|------------------------------|-----------------------------|---------------------------------------|-------------------------|---------------------|
| Payroll and taxes            | 316,342.00                  | 164,940.00                            | 212,997.00              | 694,279.00          |
| Employee benefits            | 23,103.00                   | 45,307.00                             | 759.00                  | 69,169.00           |
| Grants and allocations       | -                           | -                                     | -                       | -                   |
| Community assistance         | 2,802,576.00                | -                                     | -                       | 2,802,576.00        |
| Professional fees            | 12,310.00                   | 8,500.00                              | -                       | 20,810.00           |
| Dues and subscriptions       | 20.00                       | 4,230.00                              | -                       | 4,250.00            |
| Contractual services         | 385,514.00                  | 10,556.00                             | 124,805.00              | 520,875.00          |
| Telephone and internet       | 6,899.00                    | 4,631.00                              | 14,317.00               | 25,847.00           |
| Insurance                    | 72,278.00                   | -                                     | -                       | 72,278.00           |
| Utilities                    | 33,702.00                   | -                                     | -                       | 33,702.00           |
| Occupancy                    | 68,481.00                   | 36,000.00                             | -                       | 104,481.00          |
| Conventions and conferences  | 132,135.00                  | -                                     | 29,614.00               | 161,749.00          |
| Advertising                  | 12,845.00                   | -                                     | 14,100.00               | 26,945.00           |
| Printing and publications    | 43,615.00                   | -                                     | 8,500.00                | 52,115.00           |
| Postage and shipping         | 22,932.00                   | -                                     | 17,605.00               | 40,537.00           |
| Supplies                     | 14,039.00                   | 66.00                                 | -                       | 14,105.00           |
| Repairs and maintenance      | 45,500.00                   | -                                     | -                       | 45,500.00           |
| Traveling and transportation | 175,207.00                  | 6,276.00                              | 43,846.00               | 225,329.00          |
| Bank charges                 | 3,344.00                    | 1,788.00                              | -                       | 5,132.00            |
| Depreciation                 | 12,795.00                   | 2,183.00                              | -                       | 14,978.00           |
| Miscellaneous                | 2,197.00                    | -                                     | -                       | 2,197.00            |
|                              | <u>\$ 4,185,834</u>         | <u>\$ 284,477</u>                     | <u>\$ 466,543</u>       | <u>\$ 4,936,854</u> |

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**ICNA RELIEF USA PROGRAMS**  
**Statement of Cash Flow**  
**For The Year Ended December 31, 2012**

|   | <b>2012</b>         | <b>2011</b>       |
|---|---------------------|-------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |                     |                   |
| Increase in net assets  | \$ 302,003          | \$ 320,040        |
| Adjustment to reconcile increase / (decrease) in net assets to net cash provided (used) by operating activities |                     |                   |
| Depreciation  | 14,978              | 41,753            |
| Decrease in grant receivable  | -                   | 185,763           |
| Decrease / (increase) in sundry receivable  | (8,250)             | (17,750)          |
| Increase in accounts payable  | 24,104              | -                 |
| (Increase) / Decrease in accrued expenses   | (43,894)            | 48,000            |
| Net cash provided by operating activities   | 288,941             | 577,806           |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |                     |                   |
| Purchase of property, furniture and equipment   | (151,862)           | (40,135)          |
| Net cash used by investing activities   | (151,862)           | (40,135)          |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |                     |                   |
| Principal payment of loan   | -                   | (55,000)          |
| Principal payment of note   | (13,500)            | (63,500)          |
| Net cash used by financing activities   | (13,500)            | (118,500)         |
| <b>NET INCREASE IN CASH</b>   | <b>123,579</b>      | <b>419,171</b>    |
| <b>CASH, BEGINNING OF YEAR</b>  | <b>900,742</b>      | <b>481,571</b>    |
| <b>CASH, END OF YEAR</b>  | <b>\$ 1,024,321</b> | <b>\$ 900,742</b> |

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**ICNA RELIEF USA PROGRAMS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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.

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, 2012. It is common practice for donors to authorize monthly donations via direct debits from their credit cards or bank accounts. 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 2012. Donors are entitled, with limitation to itemize their donations for income tax purposes.

Contributed Services:

During 2012, 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.

Syed W. Quadri, CPA, PC



**ICNA RELIEF USA PROGRAMS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$2,067,000 in 2012. 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, 2012.

Fixed Assets:

It is Organization's policy to capitalize all expenditures in excess of \$1,000 for fixed assets 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 \$14,978 for the year ended December 31, 2012.

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

Syed W. Quadri, CPA, PC

**ICNA RELIEF USA PROGRAMS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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 2012 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 the year, the Organization received grant of \$94,699 and reimbursed expenses of \$28,450.

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 due to expire on December 31, 2018 requires the Organization to pay annual rent in the amount of \$18,000 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 renovation of the property. In 2007 and 2008 ICNA reimbursed \$155,876 to the Organization. As 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. During 2012, total payment of \$72,000 represents \$36,000 per year for 2012 and 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 was obligated to pay rent to lender in the amount of \$1,125 per month starting from 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 2012, \$13,500 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 January 25, 2014.

Syed W. Quadri, CPA, PC