

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

ICNA RELIEF USA PROGRAMS

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Syed W. Quadri, CPA, PC
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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, 2018 and 2017, 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, 2018 and 2017, 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 11, 2019

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

	DECEMBER 31,	
	2018	2017
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	3,411,191	2,910,609
Grant & Other receivable	336,894	279,965
Total Current Assets	3,748,085	3,190,574
FIXED ASSETS:		
Land	388,253	371,336
Building	1,351,714	1,344,263
Building improvements	326,457	327,116
Vehicles	679,050	262,592
Furniture and fixtures	63,752	63,752
	2,809,226	2,369,059
Less: Accumulated depreciation	(466,308)	(297,560)
Total Fixed Assets	2,342,918	2,071,499
TOTAL ASSETS	\$ 6,091,003	\$ 5,262,073
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Due to related party	115,000	115,000
Sundry Creditors	94,950	6,863
Accrued expenses	48,500	48,500
Total Current Liabilities	258,450	170,363
LONG-TERM LIABILITIES:		
Note payable less current maturity	-	-
Total Liabilities	258,450	170,363
NET ASSETS:		
Unrestricted	5,832,553	5,091,710
Temporarily restricted	-	-
Total Net Assets	5,832,553	5,091,710
TOTAL LIABILITIES & NET ASSETS	\$ 6,091,003	\$ 5,262,073

See notes to financial statements.

**ICNA RELIEF USA PROGRAMS
STATEMENTS OF ACTIVITIES**

	FOR THE YEAR ENDED DECEMBER 31,	
	<u>2018</u>	<u>2017</u>
UNRESTRICTED NET ASSETS		
Operating unrestricted public support and revenues	10,985,623	11,258,430
Restricted Grant (NVOAD/FEMA Contract)	2,054,778	-
Profit / (Loss) on disposal of fixed assets	(21,408)	-
In-kind contribution and donated services	<u>6,737,984</u>	<u>6,125,440</u>
 Total unrestricted public support and revenues	 19,756,977	 17,383,870
 EXPENSES		
Program services	17,959,263	13,839,750
Supporting services		
Management and general expenses	584,022	483,722
Fund raising expenses	<u>472,849</u>	<u>561,957</u>
 Total Expenses	 19,016,134	 14,885,429
 Increase in unrestricted net assets	 740,843	 2,498,441
 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	 740,843	 2,498,441
 Net assets, beginning of year	 <u>5,091,710</u>	 <u>2,593,269</u>
 Net assets, end of year	 <u><u>\$ 5,832,553</u></u>	 <u><u>\$ 5,091,710</u></u>

See notes to financial statements.

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

**FOR THE YEAR ENDED
DECEMBER 31,**

	2018	2017
Cash flow from operating activities		
Increase in net assets	\$ 740,843	\$ 2,498,441
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expenses	179,835	95,029
In-kind contribution and donated services	(6,737,984)	(6,125,440)
Distribution of in-kind contribution and donated services	6,737,984	6,125,440
(Increase) decrease in grant receivable	(56,929)	(86,516)
Loss on disposal of property and equip,emt	21,408	-
Increase (decrease) in sundry creditors	88,087	2,451
Increase (decrease) in accrued expenses	-	2,500
	973,244	2,511,905
Net cash provided by operating activities		
Cash flow from investing activities		
Disposal of fixed assets	187,304	-
Purchase of fixed assets	(659,966)	(498,704)
	(472,662)	(498,704)
Net cash used in investing activities		
Cash flow from financing activities		
Principal payment of note payable	-	-
	-	-
Net cash used in financing activities		
NET INCREASE IN CASH	500,582	2,013,201
Cash, beginning of year	2,910,609	897,408
Cash, end of year	\$ 3,411,191	\$ 2,910,609
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, 2018 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Expenses	Management & General Expenses	Fund Fund Raising Expenses	Total Expenses	
				2018	2017
Payroll and taxes	\$ 5,278,195	\$ 263,512	\$ 71,342	5,613,049	\$ 3,377,528
Employee benefits	447,995	35,400	13,450	496,845	287,283
Community assistance	8,521,149	-	-	8,521,149	7,765,216
Professional fees	6,305	37,277	-	43,582	46,021
Dues and subscriptions	30,268	9,745	-	40,013	51,525
Contractual services	477,270	21,192	215,514	713,976	712,514
Telephone and internet	68,829	6,614	14,020	89,463	53,266
Insurance	113,746	-	-	113,746	135,386
Utilities	141,933	-	-	141,933	99,514
Occupancy	684,410	-	-	684,410	453,021
Conventions & conferences	352,555	6,626	70,724	429,905	374,296
Advertising	155,576	-	7,750	163,326	205,139
Printing and publications	388,525	2,769	7,034	398,328	216,751
Postage and shipping	99,716	-	25,214	124,930	85,463
Supplies	277,996	6,368	15,011	299,375	140,779
Repairs and maintenance	257,867	-	-	257,867	184,530
Traveling and transportations	547,681	18,026	32,790	598,497	483,218
Bank and credit card charges	102,851	2,950	-	105,801	118,926
Depreciation	6,292	173,543	-	179,835	95,029
Miscellaneous	104	-	-	104	25
Total expenses	\$ 17,959,263	\$ 584,022	\$ 472,849	\$ 19,016,134	\$ 14,885,429

See notes to financial statements.

ICNA RELIEF USA PROGRAMS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED DECEMBER 31, 2018 and 2017

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 2018, more than 43,000 school bags with supplies were distributed to children in 250 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, 2018, the Organization has 17 women transitional housing and 7 free health clinics 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 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, 2018 and 2017. 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 2018 and 2017. 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 \$2,935,660 and \$2,682,150 for the year ended December 31, 2018 and 2017, 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 require 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 \$3,802,324 for the year ended December 31, 2018.

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, 2018, the estimated fair value of these services, based on the estimated dollar value of volunteer time calculated by average rate by job category, totaled \$228,000. 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 \$2,818,026 and \$915,641 for the year ended December 31, 2018 and 2017.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant revenue of \$292,064 is receivable as of December 31, 2018 out of total grant revenue earned in 2018.

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, 2018 and 2017 was \$179,835 and \$94,363, 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, 2018 and 2017 was \$169,991 and \$205,139, 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 2017 financial statements have been reclassified for comparative purposes to conform to presentation in the 2018 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 2018 and 2017 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 made grant to ICNA in the amount of \$101,000 for the year ended December 31, 2018.

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, 2018 and 2017, \$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 11, 2019, the date the financial statements were available to be issued.