

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

ICNA RELIEF USA PROGRAMS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of ICNA Relief USA Programs Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and 2018, 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 Inc., as of December 31, 2019 and 2018, 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 12, 2020

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

	DECEMBER 31,	
<u>ASSETS</u>	2019	2018
CURRENT ASSETS:		
Cash	3,523,669	3,411,191
Grant & Other receivable	-	336,894
Total Current Assets	3,523,669	3,748,085
FIXED ASSETS:		
Land	445,823	388,253
Building	1,524,426	1,351,714
Building improvements	326,457	326,457
Vehicles	750,340	679,050
Furniture and fixtures	63,752	63,752
	3,110,798	2,809,226
Less: Accumulated depreciation	(660,015)	(466,308)
Total Fixed Assets	2,450,783	2,342,918
TOTAL ASSETS	\$ 5,974,452	\$ 6,091,003
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Due to related party	115,000	115,000
Sundry Creditors	77,317	94,950
Accrued expenses	48,500	48,500
Total Current Liabilities	240,817	258,450
Total Liabilities	240,817	258,450
NET ASSETS:		
Unrestricted	5,733,635	5,832,553
Temporarily restricted	-	-
Total Net Assets	5,733,635	5,832,553
TOTAL LIABILITIES & NET ASSETS	\$ 5,974,452	\$ 6,091,003

See notes to financial statements.

**ICNA RELIEF USA PROGRAMS INC.
STATEMENTS OF ACTIVITIES**

**FOR THE YEAR ENDED
DECEMBER 31,**

	2019	2018
UNRESTRICTED NET ASSETS		
Operating unrestricted public support and revenues	11,982,406	10,985,623
Restricted Grant (NVOAD/FEMA Contract)	3,844,157	2,054,778
Profit / (Loss) on disposal of fixed assets	-	(21,408)
In-kind contribution and donated services	11,401,646	6,737,984
 Total unrestricted public support and revenues	 27,228,209	 19,756,977
 EXPENSES		
Program services	25,830,131	17,959,263
Supporting services		
Management and general expenses	780,349	584,022
Fund raising expenses	716,647	472,849
 Total Expenses	 27,327,127	 19,016,134
 Increase in unrestricted net assets	 (98,918)	 740,843
 TEMPORARILY RESTRICTED NET ASSETS		
Net assets released from restrictions	-	-
 Increase in temporarily restricted net assets	 -	 -
 Increase in net assets	 (98,918)	 740,843
 Net assets, beginning of year	 5,832,553	 5,091,710
 Net assets, end of year	 \$ 5,733,635	 \$ 5,832,553

See notes to financial statements.

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

	FOR THE YEAR ENDED	
	DECEMBER 31,	
	2019	2018
Cash flow from operating activities		
Increase in net assets	\$ (98,918)	\$ 740,843
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expenses	193,707	179,835
In-kind contribution and donated services	(11,401,646)	(6,737,984)
Distribution of in-kind contribution and donated services	11,401,646	6,737,984
(Increase) decrease in grant receivable	336,894	(56,929)
Loss on disposal of property and equip,emt	-	21,408
Increase (decrease) in sundry creditors	(17,633)	88,087
	<u>414,050</u>	<u>973,244</u>
Net cash provided by operating activities		
Cash flow from investing activities		
Disposal of fixed assets	-	187,304
Purchase of fixed assets	(301,572)	(659,966)
	<u>(301,572)</u>	<u>(472,662)</u>
Net cash used in investing activities		
Cash flow from financing activities		
Principal payment of note payable	-	-
	<u>-</u>	<u>-</u>
Net cash used in financing activities		
NET INCREASE IN CASH	112,478	500,582
Cash, beginning of year	<u>3,411,191</u>	<u>2,910,609</u>
Cash, end of year	<u>\$ 3,523,669</u>	<u>\$ 3,411,191</u>
Supplemental cash flow information:		
Fixed assets additions in accounts payable at end of year	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

ICNA RELIEF USA PROGRAMS INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Expenses	Management & General Expenses	Fund Fund Raising Expenses	Total Expenses	
				2019	2018
Payroll Expenses	\$ 6,998,292	\$ 125,020	\$ 59,800	7,183,112	\$ 5,211,825
Compensation to Officers	\$ -	\$ 165,755	\$ -	165,755	\$ 85,775
Payroll Taxes	\$ 353,230	\$ 26,007	\$ 4,693	383,930	\$ 315,449
Employee benefits	843,952	35,550	13,450	892,952	496,845
Community assistance	13,297,045	-	-	13,297,045	8,521,149
Professional fees	5,242	38,898	-	44,140	43,582
Dues and subscriptions	51,676	7,155	-	58,831	40,013
Contractual services	515,537	30,634	258,312	804,483	713,976
Telephone and internet	88,575	4,738	20,177	113,490	89,463
Insurance	325,805	-	-	325,805	113,746
Utilities	179,376	-	-	179,376	141,933
Occupancy	889,351	-	-	889,351	684,410
Conventions & conferences	463,017	9,688	154,442	627,147	429,905
Advertising	137,754	-	86,550	224,304	163,326
Printing and publications	422,657	-	36,100	458,757	398,328
Postage and shipping	18,266	-	15,400	33,666	124,930
Supplies	198,761	120	30,540	229,421	299,375
Repairs and maintenance	417,945	-	-	417,945	257,867
Traveling and transportations	614,767	14,694	37,183	666,644	598,497
Bank and credit card charges	2,316	134,675	-	136,991	105,801
Depreciation	6,292	187,415	-	193,707	179,835
Miscellaneous	275	-	-	275	104
Total expenses	<u>\$ 25,830,131</u>	<u>\$ 780,349</u>	<u>\$ 716,647</u>	<u>\$ 27,327,127</u>	<u>\$ 19,016,134</u>

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See notes to financial statements.

ICNA RELIEF USA PROGRAMS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THEN ENDED DECEMBER 31, 2019 and 2018

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 2019, more than 45,000 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, 2019, the Organization has 20 women transitional housing, 7 free health clinics and 4 mobile 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, 2019 and 2018. 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 2019 and 2018. 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 \$7,456,864 and \$2,935,660 for the year ended December 31, 2019 and 2018, 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 \$3,944,782 for the year ended December 31, 2019.

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, 2019, the estimated fair value of these services, based on the estimated dollar value of volunteer time calculated by average rate by job category, totaled \$750,000. 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 \$4,136,221 and \$2,818,026 for the year ended December 31, 2019 and 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant revenue of \$-0- and \$292,064 is receivable as of December 31, 2019 and 2018 out of total grant revenue earned in 2019 and 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, 2019 and 2018 was \$193,707 and \$179,835, 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, 2019 and 2018 was \$224,304 and \$169,991, 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 2018 financial statements have been reclassified for comparative purposes to conform to presentation in the 2019 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 2019 and 2018 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 \$-0- and \$101,000 for the year ended December 31, 2019 and 2018 respectively.

The Organization received grant from ICNA in the amount of \$36,862 and \$-0- for the year ended December 31, 2019 and 2018 respectively.

The Organization paid rent to ICNA in the amount of \$3,600 and \$-0- for the year ended December 31, 2019 and 2018, respectively.

On January 1, 2008, the Organization leased ground floor office space for administrative use and women shelter on 2nd floor from ICNA. The lease expired on expired December 31, 2018 which has not been renewed, however, require 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, 2019, and 2018, \$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 12, 2020, the date the financial statements were available to be issued.