

***Muslim Aid USA, Inc***  
***1818 Library St. Suite 500***  
***Reston, VA 20190***

***Financial Report***

***December 31, 2018***

**Muslim Aid USA, Inc**  
**Sterling, VA 20164**

**Financial Report**

*December 31, 2018*

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# ACCOUNTING, TAX, AND FINANCIAL SERVICES, LLC

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## Independent Auditor's Report

September 28, 2019

To The Board of Directors  
Muslim Aid USA, Inc

We have audited the accompanying statement of financial position of Muslim Aid USA, Inc (a not-for profit organization) as of December 31, 2018 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Muslim Aid USA. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Management Responsibility to the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in 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 from 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 accounting 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 Muslim Aid USA as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United State of America.

# ACCOUNTING, TAX, AND FINANCIAL SERVICES, LLC

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## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statement as a whole.

Accounting, Tax and Financial Services, LLC  
Gaithersburg, MD  
September 28, 2019

**Muslim Aid USA**  
***Statement of Financial Position***

**As of December 31, 2018**

	<b><u>Without Donor Restriction</u></b>	<b><u>With Donor Restriction</u></b>	<b><u>Total</u></b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 133,662	\$ -	\$ 133,662
Pledges Receivable	2,480	22,569	25,049
<b>Total Current Assets</b>	<b>\$ 136,141</b>	<b>\$ 22,569</b>	<b>\$ 158,710</b>
<b>Fixed Asset</b>			
Equipment	\$ 1,833		\$ 1,833
Accumulated Depreciation	(689)		(689)
<b>Total Fixed Assets</b>	<b>1,144</b>	<b>-</b>	<b>1,144</b>
<b>Total Assets</b>	<b>\$ 137,285</b>	<b>\$ 22,569</b>	<b>\$ 159,854</b>
<b>Liabilities</b>			
Accounts Payables	\$ -	\$ 35,000	\$ 35,000
Deferred Revenue	138,500		138,500
<b>Total Liabilities</b>	<b>\$ 138,500</b>	<b>\$ 35,000</b>	<b>\$ 173,500</b>
<b>Net Fund Balance</b>	<b>\$ (1,215)</b>	<b>\$ (12,431)</b>	<b>\$ (13,646)</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 137,285</b>	<b>\$ 22,569</b>	<b>\$ 159,854</b>

The accompanying notes are an integral part of these financial statements

**Muslim Aid USA**

***Statement of Activities***

**As of December 31, 2018**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Revenues and Support</b>			
Direct Public Support	\$ 44,824	\$ 645,715	\$ 690,539
Contributions (In-Kind)		864,581	864,581
<b>Total Direct Public Support</b>	<b>44,824</b>	<b>1,510,296</b>	<b>1,555,120</b>
<b>Total Direct and Indirect Support</b>	<b>\$ 44,824</b>	<b>\$ 1,510,296</b>	<b>\$ 1,555,120</b>
<b>Net Assets Released form Restrictions</b>	1,489,699	(1,489,699)	-
<b>Total Support and Revenue</b>	<b>\$ 1,534,523</b>	<b>\$ 20,597</b>	<b>\$ 1,555,120</b>
<b>Expenses</b>			
<b>Program Services</b>			
Program Services	997,090		997,090
Grants to Other Organizations	259,718		259,718
<b>Total Program Services</b>	<b>\$ 1,256,807</b>	<b>\$ -</b>	<b>\$ 1,256,807</b>
<b>Supporting Services</b>			
General and Administrative	170,075	-	170,075
Fundraising	143,910		143,910
Occupancy	18,945		18,945
<b>Total Supporting Services</b>	<b>\$ 332,930</b>	<b>\$ -</b>	<b>\$ 332,930</b>
<b>Total Expenses</b>	<b>\$ 1,589,737</b>	<b>\$ -</b>	<b>\$ 1,589,737</b>
<b>Excess of Revenue &amp; Support Over Expenses</b>	<b>\$ (55,215)</b>	<b>\$ 20,597</b>	<b>\$ (34,618)</b>
<b>Net Assets</b>			
Fund Balance - Beginning of the Year	54,000	-	54,000
Adjustment		(31,528)	(31,528)
<b>Net Fund Balance - End of the Year</b>	<b>\$ (1,215)</b>	<b>\$ (10,931)</b>	<b>\$ (12,146)</b>

The accompanying notes are an integral part of these financial statements

**Muslim Aid USA**

***Statement of Cash Flows***

**As of December 31, 2018.**

**Cash Flows from Operating Activities**

Increase in Net Assets	\$ (34,618)
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Charges in assets and liabilities affecting form operations	
Decrease (Increase) in current assets	
Depreciation Expense	286
Pledges Receivable	(25,049)
Increase (Decrease) in liabilities	
Accounts Payable	35,000
Net Cash Provided by Operating Activities	<b><u>\$ (24,380)</u></b>

**Cash Flows from Investing Activities**

Furniture, Fixtures and Equipment	\$ (1,430)
Net Cash Provided by Investing Activities	<b><u>\$ (1,430)</u></b>

**Net Increase (Decrease) in Cash**

**\$ (25,810)**

Beginning of the year	\$ 162,472
<b>End of the Year</b>	<b><u>\$ 136,662</u></b>

The accompanying notes are an integral part of these financial statements

**Muslim Aid USA**  
**Schedule of Functional, General and Administrative Expenses**

**For the Year Ended December 31, 2018**

	Program Services					Support Services			Total	
	General Program Services	Feed the Needy	Water Sanitation & Hygiene	Refugee Program	Emergency Programs	Total Program Services	Fundraising Expense	Administrative		Total Support Services
Administrative and Professional Fees	\$ 18,765	\$ -	\$ -	\$ -	\$ -	\$ 18,765	\$ -	\$ 15,700	\$ 15,700	\$ 34,465
Advertising Expense						-	129,773		129,773	129,773
Bank and Credit Card Fee	20,200					20,200		6,993	6,993	27,193
Fundraising Expense						-	14,137		14,137	14,137
Personnel Cost						-		145,435	145,435	145,435
Grants to Other Organizations	7,230		40,000		70,000	117,230			-	117,230
Program Services		24,840				24,840			-	24,840
In Kind Donations				533,841	379,994	913,836			-	913,836
Qurbani Program	142,488					142,488			-	142,488
Rent Expense						-		18,945	18,945	18,945
Insurance						-		639	639	639
Dues and Subscriptions	201					201			-	201
Postage, Shipping and Delivery	1,723					1,723		791	791	2,514
Printing and Copying						-		231	231	231
Education and Training	4,270					4,270			-	4,270
Supplies	5,390					5,390			-	5,390
Telephone	31					31			-	31
Travel	7,835					7,835			-	7,835
Depreciation Expense						-		286	286	286
<b>Total</b>	<b>\$ 208,132</b>	<b>\$ 24,840</b>	<b>\$ 40,000</b>	<b>\$ 533,841</b>	<b>\$ 449,994</b>	<b>\$ 1,256,807</b>	<b>\$ 143,910</b>	<b>\$ 189,020</b>	<b>\$ 332,930</b>	<b>\$ 1,589,737</b>

The accompanying notes are an integral part of these financial statements



***Muslim Aid USA, Inc (MAUSA)***  
**Notes to Financial Statements**  
**For the Fiscal Year ended December 31, 2018**

**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Activities**

Muslim Aid USA, Inc is a non-profit charitable organization involved in providing help to people who are victims of natural disasters or conflicts or suffering from poverty, hunger, disease, illiteracy, discrimination, homelessness, debt, unemployment, injustice, deprivation or lack of skills and economic opportunities. MAUSA, Inc. is an IRS approved 501(c)3 organization.

MAUSA, Inc develops long term development projects aimed at providing sustainable living for poor communities and survivors of natural disasters. We give special emphasis on capacity building, economic empowerment, education and improving child and women health with the aim of achieving the Millennium Development Goals (MDGs).

**Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. Management has elected not to record accounts payable balances for services and fees rendered by other organizations and/or vendors until MAUSA receives the invoices. Although GAAP requires expenses to be recorded as incurred, MAUSA has determined that variance between amounts incurred versus invoiced is not material to warrant an adjustment.

**Cash**

For purposes of the statement of cash flows, MAUSA considers actual cash held in the petty cash account and actual checking account balances as cash.

**Revenue Recognition**

MAUSA recognizes contributions from direct public support when funds are actually received. The organization does not recognize pledges from individuals as the contributors are under no obligation to pay or continue their support. It is the understanding, of the donor and the organization, that the amounts designated by the donors are neither conditional nor restricted funds but unrestricted.

Pledge receivable are recognized after receiving a pledge letter from the organizations such as the Giving Fund, Facebook etc. Pledge receivable balance from the organization as of December 31, 2018 was \$25,049.

## **Financial Statement Presentation**

Generally Accepted Accounting Principles provide standards for the external financial reporting for not for profit organizations. These principles require that resources be classified for accounting reporting purposes into two net asset categories according to the existence or absence of externally (donor) imposed restrictions. The net assets classes are without donor restrictions net assets and with donor restriction net assets. As of December 31, 2018 the organization's net assets were classified as without donor restrictions and with donor restrictions net assets.

Restricted revenue whose restrictions are met within the same year as received (that is, when the purpose restriction is accomplished) are reported as with donor restriction revenue and as net assets released from restriction in the accompanying financial statements.

## **Contributed Services**

The organization receives a substantial amount of services donated by its members in carrying out the Center's mission. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied

## **Functional Expense Allocation**

The cost of providing for the various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

## **Property and Equipment**

MAUSA has the following fixed assets as of December 31, 2018.

Equipment	\$1,833
Accumulated Depreciation	(689)

Equipment is depreciated using MACRS over the useful life of five years.

## **Accounts and Pledge Receivable**

Pledge receivable balance as of December 31, 2018 was \$25,049.

## **Accounts Payable and Current Liabilities**

MAUSA recognizes expenses as the vendor invoices are received. Accounts Payable balance as of December 31, 2018 was \$35,000.

## **Deferred Revenue**

MA USA received a grant from Muslim Aid UK in the amount of \$140,000 for administrative, fundraising and capital expenses. Organization has utilized \$5,000 of the grant as of December

31, 2018. Organization will recognize the remaining amounts as the grant is utilized for these specific purposes. Deferred revenue balance as of December 31, 2018 was \$138,500

### **Program Services**

The organization has the following program services;

- Refugee Program
- Provide Food and Shelter to the Needy
- Water Sanitation and Hygiene
- Emergency Response for natural disasters

### **Use of 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 may vary.

## **B. Concentration of Risk**

The organization maintains its cash deposits in accounts at various financial institutions which, at times may exceed the federally insured limit. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution.

The organization did not exceed this limit for the audit period.

## **C. Related Parties/Self-Dealing Transactions**

MAUSA works closely with Muslim Aid UK (MAUK) to provide aid to foreign countries. In the past MA USA was a fundraising arm of the MAUK. MAUSA is now an independent charitable organization, working closely with MA UK.

MA UK is responsible for distributing the funds to the victims of natural or man- made disasters. Verification of these balances and assumptions behind them were not within the scope of the audit and thus the auditor does not express an opinion on these balances.

Muslim Aid UK had given a grant to MAUSA of \$135,000 for administrative, fundraising and capital costs.

## **D. Income Taxes**

MAUSA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income.

## **E. Prior Period Adjustments**

None

## **F. Subsequent Events**

The Foundation has evaluated its December 31, 2018 financial statements for subsequent events through September 28, 2019 the date the financial statements were available to be issued. The organization is not aware of any subsequent events which would require additional recognition or disclosure in the financial statements