

Muslim Aid USA, Inc
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Financial Report

December 31, 2019

Muslim Aid USA, Inc
Sterling, VA 20164

Financial Report

December 31, 2019

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ACCOUNTING, TAX, AND FINANCIAL SERVICES, LLC

Independent Auditor's Report

September 05, 2020

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, 2019 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's management. 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.

ACCOUNTING, TAX, AND FINANCIAL SERVICES, LLC

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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Muslim Aid USA's 2018 financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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.

ATNFLLC

Accounting, Tax and Financial Services, LLC
Gaithersburg, MD
September 05,2020

Muslim Aid USA
Statement of Financial Position
As of December 31, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>2018</u>
Assets				
Current Assets				
Cash	\$ 458,499	\$ 21,637	\$ 480,136	133,662
Pledges Receivable		28,395	28,395	25,049
Total Current Assets	<u>\$ 458,499</u>	<u>\$ 50,032</u>	<u>\$ 508,531</u>	<u>\$ 158,711</u>
Fixed Asset				
Equipment	\$ 1,833		\$ 1,833	1,833
Accumulated Depreciation	(1,041)		(1,041)	(689)
Total Fixed Assets	<u>792</u>	<u>-</u>	<u>792</u>	<u>1,144</u>
Total Assets	<u>\$ 459,291</u>	<u>\$ 50,032</u>	<u>\$ 509,323</u>	<u>\$ 159,855</u>
Liabilities				
Accounts Payables	\$ 9,412		\$ 9,412	35,000
Deferred Revenue			-	138,500
Total Liabilities	<u>\$ 9,412</u>	<u>\$ -</u>	<u>\$ 9,412</u>	<u>\$ 173,500</u>
Net Fund Balance	<u>\$ 449,879</u>	<u>\$ 50,032</u>	<u>\$ 499,911</u>	<u>\$ (13,645)</u>
Total Liabilities and Fund Balance	<u>\$ 459,291</u>	<u>\$ 50,032</u>	<u>\$ 509,323</u>	<u>\$ 159,855</u>

The accompanying notes are an integral part of these financial statements

Muslim Aid USA
Statement of Activities
As of December 31, 2019

	<u>Without Donor</u> <u>Restriction</u>	<u>With Donor</u> <u>Restriction</u>	<u>Total</u>	<u>2018</u>
Revenues and Support				
Direct Public Support	\$ 717,581	\$ 1,459,429	\$ 2,177,010	\$ 690,539
Contributions (In-Kind)		2,273,840	2,273,840	864,581
Total Direct Public Support	717,581	3,733,269	4,450,850	1,555,120
Total Direct and Indirect Support	\$ 717,581	\$ 3,733,269	\$ 4,450,850	\$ 1,555,120
Net Assets Released form Restrictions	3,670,806	(3,670,806)	-	
Total Support and Revenue	\$ 4,388,387	\$ 62,463.02	\$ 4,450,850	\$ 1,555,120
Expenses				
Program Services				
Program Services	3,387,862		3,387,862	997,090
Grants to Other Organizations	115,359		115,359	259,718
Total Program Services	\$ 3,503,221	\$ -	\$ 3,503,221	\$ 1,256,808
Supporting Services				
General and Administrative	296,466	-	296,466	170,075
Fundraising	112,292		112,292	143,910
Occupancy	25,315		25,315	18,945
Total Supporting Services	\$ 434,073	\$ -	\$ 434,073	\$ 332,930
Total Expenses	\$ 3,937,294	\$ -	\$ 3,937,294	\$ 1,589,738
Excess of Revenue & Support Over Expenses	\$ 451,094	\$ 62,463	\$ 513,557	\$ (34,618)
Net Assets				
Fund Balance - Beginning of the Year	(1,215)	(12,431)	(13,646)	54,000
Adjustment			-	(33,028)
Net Fund Balance - End of the Year	\$ 449,879	\$ 50,032	\$ 499,911	\$ (13,646)

The accompanying notes are an integral part of these financial statements

Muslim Aid USA

Statement of Cash Flows

For The Years Ended December 31 , 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 513,557	\$ (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	352	286
Pledges Receivable	(3,347)	(25,049)
Increase (Decrease) in liabilities		
Accounts Payable	(25,588)	32,000
Net Cash Provided by Operating Activities	<u>\$ 484,974</u>	<u>\$ (27,381)</u>
	\$ -	
Cash Flows from Investing Activities		
Deferred Revenue	\$ (138,500)	\$ (1,430)
Net Cash Provided by Investing Activities	<u>\$ (138,500)</u>	<u>\$ (1,430)</u>
Net Increase (Decrease) in Cash	<u>\$ 346,474</u>	<u>\$ (28,811)</u>
Beginning of the year	\$ 133,662	\$ 162,472
End of the Year	<u>\$ 480,136</u>	<u>\$ 133,661</u>

The accompanying notes are an integral part of these financial statements

Muslim Aid USA
Statement of Functional Expenses

For the Year Ended December 31, 2019

Program Services

Support Services

<u>Account</u>	<u>Program Services</u>												<u>Support Services</u>			<u>Total</u>	<u>2018</u>
	<u>Building Program</u>	<u>Education Program</u>	<u>Emergency Programs</u>	<u>Feed the Needy</u>	<u>General Program Services</u>	<u>Health Care Program</u>	<u>Orphan Support Program</u>	<u>Qurbani Program</u>	<u>Refugee Program</u>	<u>Religious</u>	<u>Water Sanitation & Hygiene</u>	<u>Total Program Services</u>	<u>Fundraising Expense</u>	<u>Administrative</u>	<u>Total Support Services</u>		
Administrative and Professional Fees	\$ -	\$ -	\$ 1,772	\$ 2,700	\$ 90,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,874	\$ -	\$ 18,001	\$ 18,001	\$ 112,875	\$ 34,465
Advertising Expense	106	824	40,193	12,058	21,637	1,764	1,690	2,134	4,899	9,530	6,455	101,291	14,950	160,763	175,713	277,004	129,773
Bank and Credit Card Fee			305		47,354				136	140	29	47,964			-	47,964	27,193
Depreciation Expense												-		352	352	352	286
Dues and Subscriptions					10,703							10,703			-	10,703	201
Education and Training					544							544			-	544	4,270
Event & Sponsorship												-	40,551		40,551	40,551	
Fundraising Expense												-			-	-	14,137
Grants to Other Organizations		5,384	164,245	36,000	7,000		32,129	159,889	5,850	29,965	185,938	626,401			-	626,401	117,230
Handling & Related Costs					114,815							114,815			-	114,815	
In Kind Donations			2,273,840									2,273,840			-	2,273,840	913,836
Insurance					644							644		1,540	1,540	2,185	639
Office Supplies					3,623							3,623			-	3,623	4,390
Other Costs					625							625			-	625	998
Personnel Cost	258	1,965	59,497	29,230	7,351	4,277	4,098	5,174	11,877	23,104	15,649	162,478		140,748	140,748	303,226	145,435
Postage, Shipping and Delivery					3,989							3,989	44,779		44,779	48,768	2,514
Printing and Copying					4,147							4,147	12,012	376	12,388	16,535	231
Program Services												-			-	-	167,328
Rent Expense					25,315							25,315			-	25,315	18,945
Telephone					885							885			-	885	31
Travel			2,972		26,874				330			30,176			-	30,176	7,835
Website Development					908							908			-	908	
Total	\$ 365	\$ 8,173	2,542,823.25	\$ 79,988	\$ 366,814	\$ 6,041	\$ 37,918	\$ 167,197	\$ 23,092	\$ 62,739	\$ 208,071	\$ 3,503,221	\$ 112,292	\$ 321,780	\$ 434,073	\$ 3,937,294	\$ 1,589,737

Muslim Aid USA
Notes to Financial Statements
December 31, 2019

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

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).

B. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with the accounting principles generally accepted in the United State of America (GAAP).

Financial Statement Presentation

The classification of a not-for profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor imposed restrictions that amounts each of the classes of net assets – with donor restriction and without donor restrictions –be displayed in a statement of financial position and that the amounts of changes in each of those classes of net assets de displayed in a statement of activities.

These classes of net assets are defined as follows:

With Donor Restrictions – This class consists of net assets resulting from contribution and other inflow of assets whose use by Muslim Aid is limited by the donor imposed stipulation that either expire by the passage of time or can be fulfilled and removed by the action of the organization. When such stipulations are fulfilled, such donor restricted net assets are classified to net assets without donor restrictions. Net assets resulting from contributions whose use is limited by donor imposed restriction are classified as net assets with donor restriction.

Without donor restrictions – Contributions and other inflow of assets that are not subject to donor-imposed restrictions.

As of December 31, 2019 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.

Muslim Aid USA
Notes to Financial Statements
December 31, 2019

Cash and Cash Equivalents

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

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, 2019 was \$28,395.

Contributed Services

The organization receives a substantial amount of services donated by its members in carrying out the organization'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

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.

Fixed Assets

All acquisitions of land, building equipment and vehicles in excess of \$1,000 are capitalized at cost. Donated property, equipment, and vehicles are recorded at the fair market at the date of gift. Depreciation of building and equipment is provided on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Building and leasehold Improvements – 15-30 years
Furniture, fixture and equipment – 5-15 years
Vehicle – 4 years

Muslim Aid USA
Notes to Financial Statements
December 31, 2019

Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. With respect to statement functional expenses, the prior year expenses are presented by expense classification in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with the generally accepted accounting principles. Accordingly, such information should be read in conjunction with Muslim Aid's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

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. There was no unrelated business income the year ended December 31, 2019.

Concentration of Credit 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

Functional Expense Allocation

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

Recently Adopted Accounting Pronouncements

Presentation Financial Statement of Not-For-Profit Entities

In August 2016, the Financial Accounting Standards board (FASB) issued Accounting Standards Update (ASU) 2016-14 to improve the presentation of financial statements of not-for-profit entities. ASU 2016-14 impacts all not-for-profit entities in scope of Topic 958, as well as health care entities subject to the nonprofit guidance in Topic 954. This is the first major change to the nonprofit financial statement model in over 20 years, which is intended to provide more useful information to donors, grantors, and other users.

Muslim Aid USA adopted ASU 2016-14 for the December 31, 2019 financial statements.

Muslim Aid USA
Notes to Financial Statements
December 31, 2019

Recently Issued but Not Yet Adopted Pronouncements

FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of ASC Topic 958, *Not for Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Management has determined that this ASU did not significantly impact charity's financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes FASB ASC Topic 840, Leases, and requires lessees to recognize most leases on balance sheet via a right-of-use asset and a lease liability and additional qualitative and quantitative disclosures. Leases will be classified as either finance or operating leases, which will impact expense recognition of such leases over the lease term. The ASU also modifies the lease classification criteria for lessors and eliminates some of the real estate leasing guidance previously applied for certain leasing transactions. Charity is currently evaluating the impact of ASU 2016-02 on its financial statements and will adopt the standard in the upcoming years in accordance with the required effective date.

C. Liquidity and Availability of Resources

MA USA regularly monitors liquidity required to meet its operating needs and other contractual commitments.

Cash and other financial assets available within one year at December 31, 2019:

Cash and Cash Equivalent	\$480,136
Pledge Receivable	\$28,395
Total Financial Assets	\$508,531
Less: unavailable for General expenditures within one year, due to Donor-imposed restrictions	\$28,395
Financial Assets Available for General Use Within One Year	\$480,136

Muslim Aid USA
Notes to Financial Statements
December 31, 2019

D. Property and Equipment

MAUSA has the following fixed assets as of December 31, 2019.

Equipment	\$1,833
Accumulated Depreciation	(1,041)

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

E. Accounts and Pledge Receivable

Pledge receivable balance as of December 31, 2019 was \$28,395.

F. Accounts Payable and Current Liabilities

MAUSA recognizes expenses as the vendor invoices are received. Accounts Payable balance as of December 31, 2019 was \$9,412.

G. Program Services

The organization has the following major program services:

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

H. 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.

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I. Events and Sponsorship

The organization sponsors various fundraising events for the purpose of raising funds for specific programs such as feed the needy, water sanitation and emergency response for natural disaster. Following expenses are summarized for the sponsorship and fundraising efforts:

Muslim Aid USA
Notes to Financial Statements
December 31, 2019

Direct Event Expense -	\$ 85,330
Indirect Event Expense -	\$ 26,962

In Kind Contributions

MAUSA receives in kind contributions of provisions, such as rice, wheat, etc. from various non-governmental organization to be shipped and distributed to the needy people. The in kind contributions are recognized as donor restricted revenues and unrestricted expense, whose restrictions have been met, in the statement of activities.

J. Subsequent Events

The organization has evaluated its December 31, 2019 financial statements for subsequent events through September 05, 2020 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.

FY 2020 has been an unusual year, with COVID 19 pandemic and restriction on social and religious gatherings. However, management believes that this crisis will not have any major impact on the organization's operations.