

***Muslim Response USA For Relief and Development***

***Financial Report***

***December 31, 2020***

**Muslim Response USA For Relief and Development**  
**PO Box 2101**  
**Post Office Rd, Manassas, VA**

**Financial Report**

*December 31, 2020*

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# ACCOUNTING, TAX, AND FINANCIAL SERVICES, LLC

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## Independent Auditor's Report

October 21, 2021

To The Board of Directors  
Muslim Response USA for Relief and Development

We have audited the accompanying statement of financial position of Muslim Response USA For Relief and Development (a not-for profit organization) as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

### **Management's 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 control 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 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

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Muslim Response USA for Relief and Development as of December 31, 2020, and changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Atrifllc*

Accounting, Tax and Financial Services, LLC  
Gaithersburg, MD  
October 21, 2021

**Response USA For Relief and Development**

***Statements of Financial Position***

**As of December 31,2020**

	<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 and Cash Equivalents	\$ 20,602	\$ 98,084	\$ 118,686
Total Cash and Investments	\$ 20,602	\$ 98,084	\$ 118,686
<b>Other Current Assets</b>			
Other Current Assets	3,943	-	3,943
Total Current Assets	24,545	98,084	122,629
<b>Total Assets</b>	<b>\$ 24,545</b>	<b>\$ 98,084</b>	<b>\$ 122,629</b>
<b>Liabilities</b>			
Current Liabilities	486		486
Other Liabilities	6,200		6,200
SBA Loans		32,000	32,000
<b>Total Liabilities</b>	<b>\$ 6,686</b>	<b>\$ 32,000</b>	<b>\$ 38,686</b>
<b>Net Assets</b>	<b>\$ 17,859</b>	<b>\$ 66,084</b>	<b>\$ 83,943</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 24,545</b>	<b>\$ 98,084</b>	<b>\$ 122,629</b>

The accompanying notes are an integral part of these financial statements

Response USA For Relief and Development  
*Statements of Activities*  
**For the Year Ending December 31, 2020**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Revenues and Support</b>			
Direct Public Support	\$ 1,163	\$ 185,591	\$ 186,753
In Kind Donations		2,161,398	2,161,398
<b>Total Support and Contributions</b>	<b>\$ 1,163</b>	<b>\$ 2,346,989</b>	<b>\$ 2,348,151</b>
<b>Earned Revenues</b>			
<b>Total Support and Revenue</b>	<b>\$ 1,163</b>	<b>\$ 2,346,989</b>	<b>\$ 2,348,151</b>
<b>Net Assets Released from Restrictions</b>	2,365,475	(2,365,475)	\$ -
<b>Total Support and Revenue</b>	<b>\$ 2,366,638</b>	<b>\$ (18,486)</b>	<b>\$ 2,348,151</b>
<b>Expenses</b>			
<b>Program Services</b>			
Program Services	\$ 2,309,452	\$ -	\$ 2,309,452
<b>Total Program Services</b>	<b>\$ 2,309,452</b>	<b>\$ -</b>	<b>\$ 2,309,452</b>
<b>Supporting Services</b>			
General and Administrative	\$ 35,054	\$ -	\$ 35,054
Fundraising Expense	3,788		3,788
<b>Total Supporting Services</b>	<b>\$ 38,842</b>	<b>\$ -</b>	<b>\$ 38,842</b>
<b>Total Expenses</b>	<b>\$ 2,348,294</b>	<b>\$ -</b>	<b>\$ 2,348,294</b>
<b>Excess of Revenue &amp; Support</b>			
<b>Over Expenses Before Other Income</b>	<b>\$ 18,344</b>	<b>\$ (18,486)</b>	<b>\$ (142)</b>
<b>Change in Net Assets</b>	<b>\$ 18,344</b>	<b>\$ (18,486)</b>	<b>\$ (142)</b>
Beginning of the Year	\$ (485)	\$ 84,571	\$ 84,086
<b>End of the Year</b>	<b>\$ 17,859</b>	<b>\$ 66,085</b>	<b>\$ 83,944</b>

The accompanying notes are an integral part of these financial statements

**Response USA For Relief and Development**

*Statements of Cash Flows*

**For the Year Ending December 31, 2020**

	<u>2020</u>
<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ (142)
Change in Operating Assets and Liabilities	
Change in Current Assets	(3,943)
Current Liabilities	486
Net Cash Provided by Operating Activities	<u>\$ (3,600)</u>
<b>Cash Flows from Investing Activities</b>	
Net Cash Provided by Investing Activities	<u>\$ -</u>
<b>Cash Flows from Financing Activities</b>	
Adjustment	42,200
SBA Loan	<u>32,000</u>
Net Cash Provided by Financing Activities	<u>74,200</u>
<b>Net Increase in Cash</b>	<u>\$ 70,600</u>
<b>Cash</b>	
Beginning of the year	41,886
<b>End of the Year</b>	<u>\$ 112,486</u>

The accompanying notes are an integral part of these financial statements

**Response USA For Relief and Development  
Statements of Functional Expenses  
For the Year Ending December 31, 2020**

	<u>Program Services</u>						<u>Support Services</u>			<u>Total Expense</u>	
	<u>Emergency Relief</u>	<u>Feed the Fasting</u>	<u>Food Aid</u>	<u>Other Programs</u>	<u>WASH Program</u>	<u>Orphan Support Program</u>	<u>Total Program Services</u>	<u>Fundraising Expense</u>	<u>Administrative</u>		<u>Total Support Services</u>
Advertising	7,487	162		21,830	7,500	1,000	37,979			-	37,979
Bank Service Charges				2,534			2,534		1,540	1,540	4,074
Communication Expense				1,078			1,078			-	1,078
Copying and Printing				348			348			-	348
Dues and Subscriptions				3,045			3,045		2,072	2,072	5,117
Employee Expense				1,355			1,355		29,773	29,773	31,128
Fundraising Expense							-	288		288	288
In-Kind Assistant to Individuals	2,161,398						2,161,398			-	2,161,398
Insurance				790			790			-	790
Office Expense				250			250			-	250
Office Supplies				150			150		162	162	313
Other Expenses	113	250		2,362			2,725		462	462	3,187
Postage and Delivery				4,570			4,570		155	155	4,726
Professional Fee	2,850			14,357			17,207	3,500	890	4,390	21,596
Program Services Expense	14,455	10,000	1,240	39,901	2,000	8,425	76,021			-	76,021
<b>Total</b>	<b>\$ 2,186,302</b>	<b>\$ 10,412</b>	<b>\$ 1,240</b>	<b>\$ 92,572</b>	<b>\$ 9,500</b>	<b>\$ 9,425</b>	<b>\$ 2,309,452</b>	<b>\$ 3,788</b>	<b>\$ 35,054</b>	<b>\$ 38,842</b>	<b>\$2,348,294</b>

The accompanying notes are an integral part of these financial statements

**Muslim Response USA for Relief and Development**  
**For the Year ended December 31, 2020**

**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Muslim Response USA for Relief and Development is a not-for-profit organization established in 2018. Organization's mission is to provide material and financial assistance to relieve the sufferings of *any* and all persons affected by disasters, conflicts, disease, and hunger, irrespective of race, creed or ethnicity.

To support schools and other learning centers for the purpose of providing quality education to any and all students in need, irrespective of race, creed or ethnicity; to improve the quality and efficiency of healthcare systems so that the health needs of poor vulnerable and marginalized communities are met, irrespective of race, creed or ethnicity; to work with the government, nonprofit organizations and other stakeholders for developing cost effective models for participatory community development, poverty alleviation and provision of basic social services; to support or assist in any other humanitarian relief, educational, religious and or charitable activities that may be within the means of, and as may come before the Corporation

**1. 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 the organization 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, 2020 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.

### **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.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the organization considers all highly liquid investments with an original maturity of six months or less to be cash equivalents.

### **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.

At December 31, 2020, the Organization had \$-0- in excess of the FDIC insured limit.

### **Accounts and Pledge Receivable**

The organization's accounts receivable balance as of December 31, 2020 was \$ 3,943. The organization has determined that accounts receivables are fully collectible, therefore, no allowance for accounts receivables is considered necessary at December 31, 2020.

### **Revenue Recognition**

The organization recognizes contributions from direct public support when funds are actually received. The organization does not recognize pledges 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.

### **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.

The organization adopted ASU 2016-14 for the December 31, 2020 financial statements.

### *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 consolidated financial statements and will adopt the standard in the upcoming years in accordance with the required effective date.

## Fixed Assets

Property and equipment purchased or donated with a value in excess of organization's capitalization threshold of \$1,000 are capitalized when acquired and depreciated using the straight line method over the estimated useful lives of the assets. Leasehold improvement costs are capitalized and amortized using the straight line method over the remaining term of the lease. The estimated useful lives of the assets are as follows:

Building and Leasehold Improvements	15-30 years
Furniture, Fixtures and Equipment	5-15 years
Vehicles	5 years

The organization does not own any fixed asset as of December 31, 2020.

**Contributed Services:**

The organization receives a substantial amount of services donated by its donors in carrying out the organization's ministry. These services are not reflected in the financial statements of the organization, because they do not meet the criteria for recognition under ASC 958-10, "Not-for-Profit Entities."

**Accounts Payable**

The organization recognizes expenses as the vendor invoices are received. Accounts Payable balance as of December 31, 2020 was \$486.

**Other Liabilities**

Organization also received \$6,200 in Payroll Protection Plan (PPP) during the audit period from SBA to offset the employee cost due to the COVID lockdown. This amount may be forgiven if the organization spends the funds to meet the criterion mandated by the SBA

**Loan Payable**

The organization received \$32,000 from Small Business Association (SBA) on May 28, 2020. The balance of principal and interest will be payable Thirty (30) years from the date of the promissory note. The interest will start accruing a year from the date of loan (May 28, 2021) at a rate of 2.75% or \$137.00 per month.

**Income Taxes**

The organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income. The organization has unrelated business income of \$-0- for the fiscal year 2020.

**Subsequent Events**

The organization has evaluated its December 31, 2020 financial statements for subsequent events through October 21, 2021, the date the financial statements were available to be issued for adjustments or disclosures in the financial statements.

The organizations received notification from the SBA for the forgiveness of the PPP loan mentioned above as Other Liabilities.

**Prior Period Adjustment**

None

## 2. Liquidity and Availability of Resources

The organization 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, 2020:

Cash and Cash Equivalent	\$ 118,686
Pledges Receivable	3,943
Total Financial Assets	\$ 122,629
Less: unavailable for General expenditures within one year, due to Donor-imposed restrictions	\$ 3,943
SBA Loan	32,000
Financial Assets Available for General Use Within One Year	<u>\$ 86,686</u>

## 3. In-Kind Donations – Contributed Non-Financial Assets

Organization recognized contributed non-financial assets within its revenue. For the years ended December 31, contributed nonfinancial assets recognized within the statement of activities included:

Pharmaceuticals                      \$2,161,398

Contributed pharmaceuticals were restricted by donors to use outside the United States and were utilized in international health services and natural disaster services. In valuing contributed pharmaceuticals otherwise legally permissible for sale in the United States, the Organization used the Federal Lower Limit based on the weighted average of the most recently reported monthly Average Manufacturer Prices (AMP) that approximate wholesale prices in the United States (that is, the principal market).