

Muslim Response USA For Relief and Development

Financial Report

December 31, 2021

Muslim Response USA For Relief and Development
PO Box 2101
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Financial Report

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ACCOUNTING, TAX, AND FINANCIAL SERVICES, LLC

Independent Auditor's Report

October 18, 2022

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

Opinion

We have audited the accompanying financial statements of Muslim Response USA for Relief and Development (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Muslim Response USA for Relief and Development and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Muslim Response USA for Relief and Development's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

ACCOUNTING, TAX, AND FINANCIAL SERVICES, LLC

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Muslim Response USA for Relief and Developments internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Muslim Response USA for Relief and Development's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Muslim Response USA for Relief and Development's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Accounting, Tax and Financial Services, LLC
Gaithersburg, MD
October 18, 2022

Muslim Response USA For Relief and Development

Statements of Financial Position

As of December 31,2021

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>	<u>2020</u>
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 20,601	\$ 224,541	\$ 245,142	\$ 118,686
Total Cash and Investments	<u>\$ 20,601</u>	<u>\$ 224,541</u>	<u>\$ 245,142</u>	<u>\$ 118,686</u>
Other Current Assets				
Other Current Assets	5,631	-	5,631	3,943
Total Current Assets	<u>26,232</u>	<u>224,541</u>	<u>250,773</u>	<u>122,629</u>
Total Assets	<u>\$ 26,232</u>	<u>\$ 224,541</u>	<u>\$ 250,773</u>	<u>\$ 122,629</u>
Liabilities				
Current Liabilities	24		24	486
Other Liabilities	959		959	-
SBA Loans	32,000		32,000	38,200
Total Liabilities	<u>\$ 32,983</u>	<u>\$ -</u>	<u>\$ 32,983</u>	<u>38,686</u>
Net Assets	<u>\$ (6,751)</u>	<u>\$ 224,541</u>	<u>\$ 217,790</u>	<u>\$ 83,943</u>
Total Liabilities and Net Assets	<u>\$ 26,232</u>	<u>\$ 224,541</u>	<u>\$ 250,773</u>	<u>\$ 122,629</u>

The accompanying notes are an integral part of these financial statements

Muslim Response USA For Relief and Development

Statements of Activities

For the Year Ending December 31, 2021

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>2020</u>
Revenues and Support				
Direct Public Support	\$ 90,258	\$ 379,656	\$ 469,914	\$ 186,753
In Kind Donations		2,172,593	2,172,593	2,161,398
PPP Grants	\$ 12,189		12,189	-
Total Support and Contributions	\$ 102,447	\$ 2,552,249	\$ 2,654,696	\$ 2,348,151
Earned Revenues				
Total Support and Revenue	\$ 102,447	\$ 2,552,249	\$ 2,654,696	\$ 2,348,151
Net Assets Released from Restrictions	2,365,159	(2,365,159)	\$ -	-
Total Support and Revenue	\$ 2,467,606	\$ 187,090	\$ 2,654,696	2,348,151
Expenses				
Program Services				
Program Services	\$ 2,405,045	\$ -	\$ 2,405,045	2,309,452
Total Program Services	\$ 2,405,045	\$ -	\$ 2,405,045	2,309,452
Supporting Services				
General and Administrative	\$ 106,113	\$ -	\$ 106,113	35,054
Fundraising Expense	12,887		12,887	3,788
Total Supporting Services	\$ 119,000	\$ -	\$ 119,000	\$ 38,842
Total Expenses	\$ 2,524,045	\$ -	\$ 2,524,045	\$ 2,348,294
Excess of Revenue & Support				
Over Expenses Before Other Income	\$ (56,438)	\$ 187,090	\$ 130,653	(143)
Change in Net Assets	\$ (56,438)	\$ 187,090	\$ 130,653	(143)
Beginning of the Year	\$ 17,859	\$ 66,084	# 83,943	84,088
Prior Period Adjustment	3,196	-	3,196	
End of the Year	\$ (35,383)	\$ 253,174	\$ 217,791	\$ 83,945

The accompanying notes are an integral part of these financial statements

Muslim Response USA For Relief and Development

Statements of Cash Flows

For the Year Ending December 31, 2021

	<u>2021</u>
Cash Flows from Operating Activities	
Change in Net Assets	\$ 130,653
Change in Operating Assets and Liabilities	
Change in Current Assets	(1,688)
Change in Liabilities	498
Net Cash Provided by Operating Activities	<u>\$ 129,462</u>
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	<u>\$ -</u>
Cash Flows from Financing Activities	
Adjustment	3,194
SBA and PPP Loan	<u>(6,200)</u>
Net Cash Provided by Financing Activities	<u>(3,006)</u>
Net Increase in Cash	<u>\$ 126,456</u>
Cash	
Beginning of the year	118,686
End of the Year	<u>\$ 245,142</u>

The accompanying notes are an integral part of these financial statements

Muslim Response USA For Relief and Development
Statements of Functional Expenses
For the Year Ending December 31, 2021

	<u>Program Services</u>							<u>Support Services</u>			<u>Total Expense</u>	<u>2020</u>	
	<u>Emergency Relief</u>	<u>Feed the Fasting</u>	<u>Food Aid</u>	<u>Qurbani Program</u>	<u>WASH Program</u>	<u>Orphan Support Program</u>	<u>All Other Programs</u>	<u>Total Program Services</u>	<u>Fundraising Expense</u>	<u>Administrative</u>			<u>Total Support Services</u>
Advertising	7,315	9,600		18,000	19,200	6,400		60,515	4,389		4,389	64,904	37,979
Bank Service Charges								-		9,622	9,622	9,622	4,074
Communication Expense								-		892	892	892	1,078
Copying and Printing								-			-	-	348
Dues and Subscriptions								-		5,143	5,143	5,143	5,117
Employee Expense								-		54,043	54,043	54,043	31,128
Fundraising Expense								-	8,498		8,498	8,498	288
In-Kind Assistant to Individuals	2,176,588							2,176,588			-	2,176,588	2,161,398
Interest Expense								-		959	959	959	
Insuranc								-		829	829	829	790
Office Expense								-			-	-	250
Office Supplies								-		3,351	3,351	3,351	313
Other Expenses								-		185	185	185	3,187
Postage and Delivery				6,028				6,028		488	488	6,516	4,726
Professional Fee	5,500	9,900		3,000	6,500	6,500		31,400		27,900	27,900	59,300	21,596
Program Services Expense	7,550	12,728	1,700	81,951	9,768	13,982	2,835	130,514		2,700	2,700	133,214	76,021
								-					
Total	\$ 2,196,953	\$ 32,228	\$ 1,700	\$ 108,979	\$ 35,468	\$ 26,882	\$ 2,835	\$ 2,405,045	\$ 12,887	\$ 106,113	\$ 119,000	\$2,524,045	2,348,294

The accompanying notes are an integral part of these financial statements

Muslim Response USA for Relief and Development
For the Year ended December 31, 2021

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, 2021 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, 2021, 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, 2021 was \$ 5,631. The organization has determined that accounts receivables are fully collectible, therefore, no allowance for accounts receivables is considered necessary at December 31, 2021.

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.

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 the statement of 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 Response USA's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

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, 2021.

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, 2021 was \$24.

Other Liabilities

Funds received during 2020 and 2021 as the Payroll Protection Plan (PPP) during the audit period from SBA to offset the employee cost due to the COVID lockdown have been forgiven and have been recognized as PPP grant. Total amount forgiven and recognized is \$12,189.

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.

2021 Accrued Interest - \$959

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 2021.

Subsequent Events

The organization has evaluated its December 31, 2021 financial statements for subsequent events through October 18, 2022, the date the financial statements were available to be issued for adjustments or disclosures in the financial statements.

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	\$ 245,142
Pledges Receivable	5,631
Total Financial Assets	\$ 250,773
Less: Unavailable for General expenditures within one year, due to Donor-imposed restrictions	\$ 5,631
	32,000
SBA Loan	<u>959</u>
Interest Payable – SBA Notes	
Financial Assets Available for General Use Within One Year	<u>\$ 212,183</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 \$2,176,588

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).