

Abdi Sheikh-Ali, CPA, PLLC

Amoud Foundation

Independent Accountant's Audit Report Together with Financial Statements
For the year ended December 31, 2013

AMOUD FOUNDATION
Table of Contents

	Page
Independent Accountant’s Audit Report on the Financial Statements	1
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6

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INDEPENDENT ACCOUNTANT'S AUDIT REPORT

To the Board of Directors of
Amoud Foundation:

We have audited the accompanying financial statements of Amoud Foundation (a nonprofit organization) which comprise of the statement of financial position as of December 31, 2013, and the related statements of activities and cash flow for the fiscal year then ended.

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 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 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 Amoud Foundation as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Abdi Sheikh-Ali, CPA, PLLC
Plano, Texas
February 11, 2014

Amoud Foundation
Statement of Financial Position
As of December 31, 2013

ASSETS

Cash	\$ 239,298
Pledges receivable (Note 2i)	25,999
Assets Held for Resale (Note 3)	73,500
Property, Plant & Equipment - net (Note 2d)	992
Total assets	<u>\$ 339,789</u>

LIABILITIES

Accounts payable	\$ 6,072
Payroll liabilities	872
Total liabilities	<u>\$ 6,944</u>

NET ASSETS

Unrestricted	\$ 332,845
Total net assets	<u>\$ 332,845</u>
Total net assets and liabilities	<u>\$ 339,789</u>

The accompanying report and notes are an integral part of these financial statements

Amoud Foundation
Statement of Activities
For the year ended December 31, 2013

OPERATING INCOME

Grants and contributions	\$	1,283,478
In-kind donations		525,000
Total gross operating income	\$	1,808,478

OPERATING EXPENSES

Advertising and promotion	\$	21,254
Bank service charges		15,123
Charitable donations		21,750
Dues and subscriptions		655
Fundraising expenses		104,303
Legal and professional fees		8,174
License, permits, and local taxes		1,527
Miscellaneous expenses		92
Occupancy expenses		8,040
Office expense		1,581
Payroll and related expenses		29,798
Postage and delivery		2,678
Printing and reproduction		10,491
Program expenses		1,574,979
Supplies		9,919
Telephone and communication		3,783
Training and development		157
Travel and meeting expense		56,657
Total operating expenses	\$	1,870,961

Net operating income (loss)	\$	(62,483)
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OTHER (EXPENSES)

Depreciation expense	\$	(560)
Total other expenses	\$	(560)

Change in net assets	\$	(63,043)
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Unrestricted net assets at beginning of year	\$	395,888
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Net assets at end of year	\$	332,845
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The accompanying report and notes are an integral part of these financial statements

Amoud Foundation
Statement of Cash Flows
For the year ended December 31, 2013

Cash flows from operating activities

Change in net assets \$ (63,043)

**Adjustments to reconcile Change in net assets
to net cash provided by operating activities:**

Depreciation expense 560
Decrease (increase) in receivables (9,799)
Increase (decrease) in payables 6,061
Net cash provided (used) by Operating activities \$ (66,221)

Cash flows from investing activities

Decrease (increase) property, plant, and equipment \$ -
Net cash provided (used) by Investing activities \$ -

Cash flows from financing activities

Increase (decrease) in long-term liabilities \$ -
Net cash provided (used) by Financing activities \$ -

Net increase (decrease) in cash \$ (66,221)

Cash at beginning of year \$ 305,519

Cash at end of year \$ 239,298

The accompanying report and notes are an integral part of these financial statements

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2013

1. Organization and Nature of Operations

Amoud Foundation is a non-profit organization based and incorporated in the State of Texas. Amoud Foundation's mission is to relieve the suffering of the poor in Horn of Africa by supporting the establishment of hospitals, educational facilities, orphanages, community wells, and providing other relief services such as, emergency food and shelters to victims of famine and natural disasters.

2. Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Organization follows a calendar year.

b. Concentration of Credit Risk

The Company maintains cash with local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures the total deposits at these institutions up to \$250,000 per depositor.

c. Contributions

The financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). In accordance with Statement of Financial Accounting Standards (SFAS) 116 and 117, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- **Unrestricted net assets** – are not subject to donor-imposed restrictions and may be designated for specific purposes by action of the Board of Directors.
- **Temporarily restricted net assets** – are subject to temporary donor-imposed restrictions and may be fulfilled by actions of the Organization to meet the donor-imposed stipulations or that become unrestricted by the passage of time.
- **Permanently restricted net assets** – are subject to permanent donor-imposed stipulations.

As of December 31, 2013, the Organization did not have any temporarily or permanently restricted net assets.

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2013

d. Property, Plant, & Equipment

The Organization follows the practice of capitalizing all expenditures for property, furniture, fixtures, equipment, and leasehold improvements in excess of \$500. Depreciation or amortization of all such items is computed on a straight-line basis over the estimated useful lives of the assets which generally are as follows:

Buildings & improvements	39 years
Furniture and equipment	5 years
Vehicles	5 years
Leasehold improvements	life of lease or useful life (whichever is shorter)

In accordance with generally accepted accounting principles (GAAP), land is not depreciated and construction-in-progress is depreciated from the time it is placed into service.

Property, plant, & equipment (PP&E) at December 31, 2013 consisted of the following:

Description

Furniture and equipment	\$ <u>2,360</u>
Gross PP&E:	\$ <u>2,360</u>
Accumulated depreciation	<u>\$(1,368)</u>
Net PP&E:	\$ <u>992</u>

Depreciation expense for the year ended December 31, 2013 amounted to \$560.

e. Deferred Revenue

The Organization records grant/contract revenue as deferred revenue (a liability) until it is expended for the purpose of the grant/contract, at which time it is recognized as grants/contract revenue. At December 31, 2013 The Organization had no Deferred Revenue.

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2013

f. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the following schedule. Accordingly, for the year ended December 31, 2013 certain costs have been allocated among the programs and supporting services benefited as follows:

<u>Description</u>	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	-	-	21,254	\$ 21,254
Bank service charges	13,611	1,512	-	15,123
Charitable donations	21,750	-	-	21,750
Dues and subscriptions	-	655	-	655
Fundraising expenses	-	-	104,303	104,303
Legal and professional fees	-	8,174	-	8,174
License, permits, and local taxes	-	1,527	-	1,527
Miscellaneous expenses	-	92	-	92
Occupancy expenses	-	8,040	-	8,040
Office expense	-	1,581	-	1,581
Payroll and related expenses	-	29,798	-	29,798
Postage and shipping	-	2,678	-	2,678
Printing and reproduction	-	2,098	8,393	10,491
Program expenses	1,574,979	-	-	1,574,979
Supplies	-	7,935	1,984	9,919
Telephone and communication	-	3,783	-	3,783
Training and development	-	157	-	157
Travel and meeting expense	-	-	56,657	56,657
<i>Total operating expenses</i>	<u>\$ 1,610,340</u>	<u>\$ 68,031</u>	<u>\$ 192,591</u>	<u>\$ 1,870,961</u>
Depreciation expense	-	560	-	560
<i>Total expenses</i>	<u>\$ 1,610,340</u>	<u>\$ 68,591</u>	<u>\$ 192,591</u>	<u>\$ 1,871,521</u>

g. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar State statute and has not conducted any unrelated business activities. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

h. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates which affect certain reported amounts and disclosures. Accordingly, actual results could vary from these estimates.

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2013

i. Promises to Give

In the year ended December 31, 2013, the Organization received unconditional promises to give. The pledges are unrestricted and are expected to be collected in one year or less. The net pledges receivable balance consists of the following at December 31, 2013:

Pledges receivable (less than one year)	\$ 25,999
Less estimated uncollectible amounts	<u>-</u>
Pledges receivable – net	<u>\$ 25,999</u>

j. In-kind Donations

The Organization records various types of in-kind support, including services, books, materials and other tangible assets. GAAP requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Most of the services received by the Organization do not meet these criteria. In the year ended December 31, 2013, the Organization recognized \$525,000 in in-kind support. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in program expense or reflected as an *Assets Held for Resale* on the Statement of Financial Position if still held by the Organization.

k. Date of Management's Review

In preparing financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 11, 2014, the date that the financial statements were available to be issued.

3. Assets Held for Resale

In 2012, the Organization received as in-kind donations some land that is being held for resale. The items were recorded at their estimated fair market value at the date of the donation. See Note 2j.