

ABDI SHEIKH-ALI, CPA, PLLC

A PROFESSIONAL SERVICES FIRM

Amoud Foundation

Independent Accountant's Audit Report Together with Financial Statements
For the year ended December 31, 2018

AMOUD FOUNDATION
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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, 2018, and the related statements of activities and cash flow for the 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, 2018, 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

Abdi Sheikh-Ali, CPA, PLLC
Plano, Texas
March 26, 2019

Amoud Foundation
Statement of Financial Position
As of December 31, 2018

ASSETS

Cash	\$ 734,935
Pledges receivable	49,425
Investments	120,000
Property, Plant & Equipment - net	720,290
Total assets	<u>\$ 1,624,650</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 2,487
Payroll liabilities	3,118
Total liabilities	<u>\$ 5,605</u>

NET ASSETS

Without donor restrictions	\$ 1,619,045
Total net assets	<u>\$ 1,619,045</u>
Total net assets and liabilities	<u>\$ 1,624,650</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, 2018

OPERATING INCOME

Grants and contributions	\$ 2,689,779
In-kind donations	3,709,300
Total gross operating income	<u>\$ 6,399,079</u>

OPERATING EXPENSES

Advertising and promotion	\$ 52,047
Bank service charges	42,499
Charitable donations	84,282
Conferences, meetings, and special events	69,552
Dues and subscriptions	534
Equipment rental	2,145
Fundraising expenses	174,930
Gifts	5,300
Insurance expense	4,222
Legal and professional fees	10,140
Licenses, permits, and local taxes	20,476
Occupancy expenses	17,676
Office expense	21,774
Payroll and related expenses	70,632
Postage and delivery	12,658
Printing and reproduction	15,912
Program expenses	5,092,799
Supplies	9,503
Telephone and communication	9,960
Travel	30,183
Total operating expenses	<u>\$ 5,747,224</u>

Net operating income (loss)	<u>\$ 651,855</u>
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OTHER (EXPENSES)

Depreciation expense	\$ (9,910)
Total other expenses	<u>\$ (9,910)</u>

Change in net assets	<u>\$ 641,945</u>
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Net assets at beginning of year	\$ 977,100
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Net assets at end of year	<u>\$ 1,619,045</u>
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Amoud Foundation
Statement of Cash Flows
For the year ended December 31, 2018

Cash flows from operating activities

Change in net assets \$ 641,945

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

Depreciation expense 9,910
Decrease (increase) in receivables 35,654
Increase (decrease) in payables (1,431)
Net cash provided (used) by Operating activities \$ 686,078

Cash flows from investing activities

Decrease (increase) in property, plant, and equipment \$ (729,300)
Net cash provided (used) by Investing activities \$ (729,300)

Cash flows from financing activities

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

Net increase (decrease) in cash \$ (43,222)

Cash at beginning of year \$ 778,157

Cash at end of year \$ 734,935

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, 2018

1. Organization and Nature of Activities

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. As of December 31, 2018, the cash held at one of these institutions exceeded the insured amount by \$219,835.

c. Contributions and Basis of Presentation

In accordance with *Accounting Standards Update* (ASU) 2016-14 issued by the Financial Accounting Standards Board (FASB), the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2018

The two classes are defined as follows:

- **Net Assets without Donor Restrictions** – are not subject to donor-imposed restrictions and may be designated for specific purposes by action of the Board of Directors or Trustees.
- **Net Assets with Donor Restrictions** – are subject to temporary or permanent 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.

The Organization did not have any net assets with donor restrictions as of December 31, 2018.

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	5-7 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.

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2018

Property, plant, & equipment (PP&E) at December 31, 2018 consisted of the following:

Building and improvements	\$	729,300
Furniture and equipment		<u>2,950</u>
Gross PP&E	\$	732,250
Accumulated depreciation	\$	<u>(11,960)</u>
Net PP&E	\$	720,290

Depreciation expense for the year ended December 31, 2018 amounted to \$9,910.

e. Investments

The Organization records investments at cost when they are initially acquired. If the investments have readily determinable fair market values, the investment is adjusted for any unrealized gain or loss.

f. Promises to Give

In the year ended December 31, 2018, the Organization received unconditional promises to give. The pledges are unrestricted and are expected to be collected in one year or less. Due to the collection history, the Organization considers the outstanding amount to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded in the accompanying financial statements. The pledges receivable balance consists of the following as of December 31, 2018:

Pledges receivable (less than one year)	\$	49,425
Less estimated uncollectible amounts		<u>-</u>
Pledges receivable – net	\$	<u>49,425</u>

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2018

g. 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, 2018 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	-	-	52,047	\$ 52,047
Bank service charges	38,249	4,250	-	42,499
Charitable donations	84,282	-	-	84,282
Conferences, meetings, and special events	-	-	69,552	69,552
Dues and subscriptions	-	534	-	534
Equipment rental and maintenance	-	2,145	-	2,145
Fundraising expenses	-	-	174,930	174,930
Gifts	-	3,500	-	5,300
Insurance	-	4,222	-	4,222
Legal and professional fees	-	10,140	-	10,140
Licenses, permits, and local taxes	-	20,476	-	20,476
Occupancy expenses	-	17,676	-	17,676
Office expense	-	21,774	-	21,774
Payroll and related expenses	-	70,632	-	70,632
Postage and shipping	-	12,658	-	12,658
Printing and reproduction	-	3,182	12,730	15,912
Program expenses	5,092,799	-	-	5,092,799
Supplies	-	7,602	1,901	9,503
Telephone and communication	-	9,960	-	9,960
Travel and meeting expense	-	-	30,183	30,183
<i>Total operating expenses</i>	\$ 5,215,330	\$ 188,752	\$ 341,342	\$ 5,747,224
Depreciation expense	-	9,910	-	9,910
<i>Total expenses</i>	\$ 5,215,330	\$ 198,662	\$ 341,342	\$ 5,757,134

h. 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.

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2018

j. Program Expenses

For the year ended December 31, 2018, the Organization incurred the following program expenses:

Program Expenses:

<u>Program Description</u>	<u>Amount</u>
Agricultural Project	73,000
Healthcare	234,639
Udhiya/Qurbani	103,760
Drought Relief Program	277,050
Orphanages	53,580
Education	110,350
Sadaqa	96,500
Zakat	13,600
Iftar\Ramadan Food	435,348
Emergency Water Trucks	62,000
Water Wells	552,041
Community Outreach	98,246
Other miscellaneous programs	2,685
<i>Subtotal program expenses</i>	2,112,799
In-kind donations expense	
Pure Hands	\$700,000
UMR	1,600,000
Books for Africa	150,000
Baylor	180,000
IMEC	350,000
<i>Total in-kind donations expense</i>	\$2,980,000
<i>Total Program Expenses</i>	\$5,092,799

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2018

k. In-kind Donations

The Organization records various types of in-kind support, including services, books, materials, real estate, 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. The services received by the Organization did not meet these criteria. For the year ended December 31, 2018, the Organization recognized \$3,709,300 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 and fixed assets (see Note 2j).

l. Advertising Costs

The Organization expenses advertising costs as they are incurred. The Organization incurred \$52,047 in advertising costs for the year ended December 31, 2018.

m. Date of Management's Review

In preparing financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through March 26, 2019, the date that the financial statements were available to be issued.

4. Commitments

The Organization has entered into a non-cancelable lease for its office space. The three-year lease spans from April 1, 2017 – March 31, 2020.

The future minimum annual rental payments are as follows:

<u>Year</u>	<u>Minimum Base Annual Rental Payments</u>
2019	\$ 17,676
2020	\$ 4,419

The future minimum monthly rental payments are subject to escalations due to real estate taxes and common are maintenance charges. For the year ended December 31, 2018, the Organization incurred lease expense \$17,676.