

Amoud Foundation

Independent Accountant's Audit Report Together with Financial Statements
For the year ended December 31, 2019

ABDI SHEIKH-ALI, CPA, PLLC

A PROFESSIONAL SERVICES FIRM



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, 2019, 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, 2019, 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

February 5, 2020

Amoud Foundation
Statement of Financial Position
As of December 31, 2019

ASSETS

Cash	\$ 941,444
Pledges receivable	113,337
Investments	120,000
Property, Plant & Equipment - net	757,143
Total assets	<u>\$ 1,931,924</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 218
Payroll liabilities	2,946
Total liabilities	<u>\$ 3,164</u>

NET ASSETS

Without donor restrictions	\$ 1,928,760
Total net assets	<u>\$ 1,928,760</u>
Total net assets and liabilities	<u>\$ 1,931,924</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, 2019

OPERATING INCOME

Grants and contributions	\$ 3,225,011
In-kind donations	582,927
Total gross operating income	<u>\$ 3,807,938</u>

OPERATING EXPENSES

Advertising and promotion	\$ 90,569
Bank service charges	50,872
Charitable donations	87,256
Conferences, meetings, and special events	74,070
Dues and subscriptions	395
Equipment rental	17,343
Fundraising expenses	222,941
Gifts	4,555
Insurance expense	3,775
Legal and professional fees	9,850
Licenses, permits, and local taxes	41,487
Miscellaneous expenses	1,500
Occupancy expenses	22,146
Office expense	1,500
Payroll and related expenses	132,015
Postage and delivery	4,618
Printing and reproduction	34,298
Program expenses	2,577,172
Supplies	15,326
Telephone and communication	10,914
Training and staff development	11,015
Travel	64,706
Total operating expenses	<u>\$ 3,478,323</u>

Net operating income (loss)	<u>\$ 329,615</u>
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OTHER (EXPENSES)

Depreciation expense	\$ (19,900)
Total other expenses	<u>\$ (19,900)</u>

Change in net assets	<u>\$ 309,715</u>
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Net assets at beginning of year	\$ 1,619,045
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Net assets at end of year	<u>\$ 1,928,760</u>
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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, 2019

Cash flows from operating activities

Change in net assets \$ 309,715

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

Depreciation expense 19,900
Decrease (increase) in receivables (63,912)
Increase (decrease) in payables (2,441)
Net cash provided (used) by Operating activities \$ 263,262

Cash flows from investing activities

Decrease (increase) in property, plant, and equipment \$ (56,753)
Net cash provided (used) by Investing activities \$ (56,753)

Cash flows from financing activities

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

Net increase (decrease) in cash \$ 206,509

Cash at beginning of year \$ 734,935

Cash at end of year \$ 941,444

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, 2019

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 relief 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, 2019, the cash held at one of these institutions exceeded the insured amount by \$261,606.

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, 2019

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, 2019.

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, 2019

Property, plant, & equipment (PP&E) at December 31, 2019 consisted of the following:

Building and improvements	\$	773,053
Furniture and equipment		<u>15,950</u>
Gross PP&E	\$	789,003
Accumulated depreciation	\$	<u>(31,860)</u>
Net PP&E	\$	757,143

Depreciation expense for the year ended December 31, 2019 amounted to \$19,900.

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, 2019, 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, 2019:

Pledges receivable (less than one year)	\$	113,337
Less estimated uncollectible amounts		<u>-</u>
Pledges receivable – net		<u>\$ 113,337</u>

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2019

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, 2019 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	-	-	90,569	\$ 90,569
Bank service charges	45,785	5,087	-	50,872
Charitable donations	87,256	-	-	87,256
Conferences, meetings, and special events	-	-	74,070	74,070
Dues and subscriptions	-	395	-	395
Equipment rental	-	17,343	-	17,343
Fundraising expenses	-	-	222,941	222,941
Gifts	-	3,500	-	4,555
Insurance expense	-	3,775	-	3,775
Legal and professional fees	-	9,850	-	9,850
Licenses, permits, and local taxes	-	41,487	-	41,487
Miscellaneous expenses	-	1,500	-	1,500
Occupancy expenses	-	22,146	-	22,146
Office expense	-	1,500	-	1,500
Payroll and related expenses	-	132,015	-	132,015
Postage and delivery	-	4,618	-	4,618
Printing and reproduction	-	6,860	27,438	34,298
Program expenses	2,577,172	-	-	2,577,172
Supplies	-	12,261	3,065	15,326
Telephone and communication	-	10,914	-	10,914
Training and staff development	-	11,015	-	11,015
Travel expenses	-	-	64,706	64,706
<i>Total operating expenses</i>	\$ 2,710,213	\$ 284,265	\$ 482,789	\$ 3,478,323
Depreciation expense	-	19,900	-	19,900
<i>Total expenses</i>	\$ 2,710,213	\$ 304,165	\$ 482,789	\$ 3,498,223

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, 2019

i. 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.

j. Program Expenses

For the year ended December 31, 2019, the Organization incurred the following program expenses:

<u>Program Description</u>	<u>Amount</u>
Agricultural Project	6,025
Healthcare	164,079
Udhiya/Qurbani	158,965
Drought Relief Program	127,450
Orphanages	52,900
Education	159,030
Sadaqa (charity)	51,625
Zakat	2,160
Iftar\Ramadan Food	413,460
Emergency Water Trucks	47,800
Water Wells	737,447
Community Outreach	61,269
Ethiopia Project	5,000
Phillipines Project	5,000
Other miscellaneous programs	2,035
<i>Subtotal program expenses</i>	1,994,245
In-kind donations expense	
Baylor Medical	\$16,879
Books for Africa	528,000
Medwish	8,048
UMR	5,000
General Public Donations	25,000
<i>Total in-kind donations expense</i>	\$582,927
<i>Total Program Expenses</i>	\$2,577,172

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2019

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, 2019, the Organization recognized \$582,927 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 \$90,569 in advertising costs for the year ended December 31, 2019.

m. Date of Management's Review

In preparing financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through February 5, 2020, the date that the financial statements were available to be issued.