

Amoud Foundation

Independent Accountant's Audit Report Together with Financial Statements
For the year ended December 31, 2020

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, 2020, 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, 2020, 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

March 26, 2021

Amoud Foundation
Statement of Financial Position
As of December 31, 2020

ASSETS

Cash	\$ 1,628,712
Pledges receivable	16,660
Investments	120,000
Property, Plant & Equipment - net	757,314
Total assets	<u><u>\$ 2,522,686</u></u>

LIABILITIES

Accounts payable and accrued expenses	\$ 5,310
Total liabilities	<u><u>\$ 5,310</u></u>

NET ASSETS

Without donor restrictions	\$ 2,517,376
Total net assets	<u><u>\$ 2,517,376</u></u>
Total net assets and liabilities	<u><u>\$ 2,522,686</u></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, 2020

OPERATING INCOME

Grants and contributions	\$	4,498,399
In-kind donations		1,165,739
Related business income		156
Total gross operating income	\$	<u>5,664,294</u>

OPERATING EXPENSES

Advertising and promotion	\$	270,889
Bank service charges		93,520
Charitable donations		58,700
Conferences, meetings, and special events		21,813
Dues and subscriptions		890
Equipment rental		24,968
Fundraising expenses		124,584
Gifts		16,110
Insurance expense		4,167
Legal and professional fees		10,917
Licenses, permits, and local taxes		9,391
Miscellaneous expenses		1,000
Occupancy expenses		6,571
Payroll and related expenses		217,681
Postage and delivery		27,585
Printing and reproduction		32,553
Program expenses		4,107,880
Supplies		22,648
Telephone and communication		12,158
Training and staff development		100
Travel		15,714
Total operating expenses	\$	<u>5,079,839</u>

Net operating income (loss)	\$	<u>584,455</u>
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OTHER INCOME

Gain on extinguishment of debt (PPP loan)	\$	26,030
Total other income	\$	<u>26,030</u>

OTHER (EXPENSES)

Depreciation expense	\$	(21,869)
Total other expenses	\$	<u>(21,869)</u>

Change in net assets	\$	<u>588,616</u>
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Net assets at beginning of year	\$	1,928,760
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Net assets at end of year	\$	<u>2,517,376</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, 2020

Cash flows from operating activities

Change in net assets \$ 588,616

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

Depreciation expense 21,869
Decrease (increase) in receivables 96,677
Increase (decrease) in payables 2,146
Net cash provided (used) by Operating activities \$ 709,308

Cash flows from investing activities

Decrease (increase) in property, plant, and equipment \$ (22,040)
Net cash provided (used) by Investing activities \$ (22,040)

Cash flows from financing activities

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

Net increase (decrease) in cash \$ 687,268

Cash at beginning of year \$ 941,444

Cash at end of year \$ 1,628,712

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, 2020

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 Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (U.S. GAAP) and the Organization follows a calendar yearend. 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.

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.

As of December 31, 2020, the Organization had \$2,517,376 in net assets without donor restrictions and no net assets with donor restrictions.

b. Cash and Cash Equivalents

Cash and Cash equivalents consist of cash and highly liquid investments with an initial maturity of three months or less.

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2020

c. 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, 2020, the cash held at these institutions exceeded the insured amount by \$912,939.

d. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributed property and equipment or intangible assets are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

e. 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, 2020

Property, plant, & equipment (PP&E) at December 31, 2020 consisted of the following:

Building and improvements	\$	775,137
Furniture and equipment		19,906
Vehicles		16,000
Gross PP&E	\$	811,043
Accumulated depreciation	\$	(53,729)
Net PP&E	\$	757,314

Depreciation expense for the year ended December 31, 2020 amounted to \$21,869.

f. Fair value measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

The Organization had investment totaling \$120,000 as of December 31, 2020. The investment is a real estate property (land tract) and the Organization considers it to be a Level 2 asset.

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2020

g. Promises to Give

In the year ended December 31, 2020, 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, 2020:

Pledges receivable (less than one year)	\$ 16,660
Less estimated uncollectible amounts	<u> -</u>
Pledges receivable – net	<u>\$ 16,660</u>

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.

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. 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, 2020 certain costs have been allocated among the programs and supporting services benefited as illustrated on the following table.

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2020

k. Functional Allocation of Expenses (continued)

<u>Description</u>	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	-	-	270,889	\$ 270,889
Bank service charges	84,168	9,352	-	93,520
Charitable donations	58,700	-	-	58,700
Conferences, meetings, and special events	-	-	21,813	21,813
Dues and subscriptions	-	890	-	890
Equipment rental	-	24,968	-	24,968
Fundraising expenses	-	-	124,584	124,584
Gifts	-	16,110	-	16,110
Insurance expense	-	4,167	-	4,167
Legal and professional fees	-	10,917	-	10,917
Licenses, permits, and local taxes	-	9,391	-	9,391
Miscellaneous expenses	-	1,000	-	1,000
Occupancy expenses	-	6,571	-	6,571
Payroll and related expenses	-	217,681	-	217,681
Postage and delivery	-	27,585	-	27,585
Printing and reproduction	-	6,511	26,042	32,553
Program expenses	4,107,880	-	-	4,107,880
Supplies	-	18,118	4,530	22,648
Telephone and communication	-	12,158	-	12,158
Training and staff development	-	100	-	100
Travel expenses	-	-	15,714	15,714
<i>Total operating expenses</i>	\$ 4,250,748	\$ 365,519	\$ 463,572	\$ 5,079,839
Depreciation expense	-	21,869	-	21,869
<i>Total expenses</i>	\$ 4,250,748	\$ 387,388	\$ 463,572	\$ 5,101,708

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2020

I. Program Expenses

For the year ended December 31, 2020, the Organization incurred the following program expenses:

<u>Program Description</u>	<u>Amount</u>
Agricultural Project	43,600
Healthcare	278,842
Udhiya/Qurbani	159,926
Drought Relief Program	377,167
Orphanages	191,653
Education	182,949
Sadaqa (charity)	37,609
Zakat	118,946
Iftar/Ramadan Food	247,707
Emergency Water Trucks	35,837
Water Wells	1,253,157
Community Outreach	9,443
Ethiopia Project	5,000
Other miscellaneous programs	305
<i>Subtotal program expenses</i>	2,942,141
In-kind donations expense	
Baylor Medical	\$25,000
Books for Africa	756,000
Rise Against Hunger	330,739
Medical Containers Sweden	54,000
<i>Total in-kind donations expense</i>	\$1,165,739
<i>Total Program Expenses</i>	\$4,107,880

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2020

l. 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, 2020, the Organization recognized \$1,165,739 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 2k).

m. Advertising Costs

The Organization expenses advertising costs as they are incurred. The Organization incurred \$270,889 in advertising costs for the year ended December 31, 2020.

n. Liquidity

The Organization's financial assets that are available within one year of the statement of financial position date for general expenditures as follows:

Total Assets	\$ 2,522,686
Less:	
Cash and cash equivalents (with donor restrictions)	-
Cash and cash equivalents (board designated)	-
Total assets available for general expenditure	<u>\$ 2,522,686</u>

Amoud Foundation

Notes to Financial Statements - for the year ended December 31, 2020

o. Subsequent Events

In preparing financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through March 26, 2021, the date that the financial statements were available to be issued. The Organization is not aware of any material subsequent events.