

# **Amoud Foundation**

Independent Accountant's Audit Report Together with Financial Statements  
For the year ended December 31, 2021

**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:

### **Opinion**

We have audited the accompanying financial statements of Amoud Foundation which comprise of the statement of financial condition as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Amoud Foundation of December 31, 2021 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Amoud Foundation 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 these 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 Packages from Home's ability to continue as a going concern for a period of one year from the date that the financial statements are 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 not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 Packages from Home's 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 Packages from Home'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.

*Abdi Sheikh-Ali, CPA, PLLC*

Allen, Texas  
August 24, 2022

**Amoud Foundation**  
**Statement of Financial Position**  
**As of December 31, 2021**

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**ASSETS**

Cash	\$ 2,961,836
Pledges receivable	6,650
Investments - net	630,703
Property, Plant & Equipment - net	24,564
<b>Total assets</b>	<b><u><u>\$ 3,623,753</u></u></b>

**LIABILITIES**

Accounts payable and accrued expenses	\$ 8,764
<b>Total liabilities</b>	<b><u><u>\$ 8,764</u></u></b>

**NET ASSETS**

Without donor restrictions	\$ 3,614,989
<b>Total net assets</b>	<b><u><u>\$ 3,614,989</u></u></b>
<b>Total net assets and liabilities</b>	<b><u><u>\$ 3,623,753</u></u></b>

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

**Amoud Foundation**  
**Statement of Activities**  
**For the year ended December 31, 2021**

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**OPERATING INCOME**

Grants and contributions	\$ 6,575,314
In-kind donations	154,967
<b>Total gross operating income</b>	<b><u>\$ 6,730,281</u></b>

**OPERATING EXPENSES**

Advertising and promotion	\$ 512,174
Bad debt expense	60,000
Bank service charges	63,529
Charitable donations	11,530
Conferences, meetings, and special events	4,651
Equipment rental	16,386
Fundraising expenses	19,000
Gifts	15,923
Legal and professional fees	7,413
Licenses, permits, and local taxes	3,730
Occupancy expenses	12,209
Payroll and related expenses	223,905
Postage and delivery	30,120
Printing and reproduction	9,568
Program expenses	3,883,151
Supplies	21,207
Telephone and communication	11,518
Training and staff development	28
Travel	14,580
<b>Total operating expenses</b>	<b><u>\$ 4,920,622</u></b>
<b>Net operating income (loss)</b>	<b><u>\$ 1,809,659</u></b>

**OTHER INCOME**

Dividend income	\$ 687
Realized and unrealized gain on investments	20,016
Gain on extinguishment of debt (PPP loan)	26,030
<b>Total other income</b>	<b><u>\$ 46,733</u></b>

**OTHER (EXPENSES)**

Depreciation expense	\$ (3,991)
<b>Total other expenses</b>	<b><u>\$ (3,991)</u></b>

**Change in net assets** **\$ 1,852,401**

Net assets at beginning of year \$ 1,762,588

**Net assets at end of year** **\$ 3,614,989**

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, 2021**

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**Cash flows from operating activities**

Change in net assets \$ 1,852,401

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

Depreciation expense	3,991
Bad debt expense	60,000
Decrease (increase) in receivables	10,010
Increase (decrease) in payables	3,454
<b>Net cash provided (used) by Operating activities</b>	<u>\$ 1,929,856</u>

**Cash flows from investing activities**

Decrease (increase) in investments	<u>\$ (570,702)</u>
<b>Net cash provided (used) by Investing activities</b>	<u>\$ (570,702)</u>

**Cash flows from financing activities**

Increase (decrease) in long-term liabilities	<u>\$ (26,030)</u>
<b>Net cash provided (used) by Financing activities</b>	<u>\$ (26,030)</u>

**Net increase (decrease) in cash** \$ 1,333,124

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

**Cash at end of year** \$ 2,961,836

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, 2021

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### 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 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, 2021, the Organization had \$3,614,989 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, 2021

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### **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. The cash held at these institutions at times exceeds the insured limits.

### **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, 2021

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Property, plant, & equipment (PP&E) at December 31, 2021 consisted of the following:

Furniture and equipment	\$	19,906
Vehicles		16,000
<b>Gross PP&amp;E</b>	<b>\$</b>	<b>35,906</b>
Accumulated depreciation	\$	(11,342)
<b>Net PP&amp;E</b>	<b>\$</b>	<b>24,564</b>

Depreciation expense for the year ended December 31, 2021 amounted to \$3,991.

### f. Promises to Give

For the year ended December 31, 2021, 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, 2021:

Pledges receivable (less than one year)	\$	6,650
Less estimated uncollectible amounts		<u>-</u>
<b>Pledges receivable - net</b>	<b>\$</b>	<b><u>6,650</u></b>

### g. Income Taxes

The Organization is exempt from federal income and state income taxes, other than unrelated business income, under Section 501 (c) (3) of the Internal Revenue Code and similar state statute. The Organization files an annual tax form, Form 990, with the Internal Revenue Service. For the year ended December 31, 2021, the Organization had no unrelated business income and as such no provisions were made for income taxes. The Organization addresses uncertain tax positions in accordance with ASC Topic 740, Income Taxes, which provides guidance on the recognition, measurement, presentation, and disclosure of uncertain tax positions in the financial statements. During the years 2017 to 2020, the years management considers to be open for tax examination, management didn't identify the existence of any uncertain tax positions.

# **Amoud Foundation**

## **Notes to Financial Statements - for the year ended December 31, 2021**

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### **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.

### **i. 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, 2021 certain costs have been allocated among the programs and supporting services benefited as illustrated on the following table.

All of the expense categories are allocated to one or more program or supporting functions of the Organization initially based on direct identification or allocation. If direct identification or assignment is not possible or practical, only then are the costs allocated by management on a reasonable basis that is consistently applied. When the Organization incurs joint costs, it is the Organization's policy to allocate the joint costs based on estimates of the costs utilized after assessing the required criterion of purpose, audience, and content. All cost allocations are determined by management on a reasonable basis that is consistently applied.

# Amoud Foundation

## Notes to Financial Statements - for the year ended December 31, 2021

### i. Functional Allocation of Expenses (continued)

<u>Description</u>	<u>Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	-	-	512,174	\$ 512,174
Bad debt expense	-	60,000	-	60,000
Bank service charges	57,176	6,353	-	63,529
Charitable donations	11,530	-	-	11,530
Conferences, meetings, and special events	-	-	4,651	4,651
Equipment rental	-	16,386	-	16,386
Fundraising expenses	-	-	19,000	19,000
Gifts	-	15,923	-	15,923
Legal and professional fees	-	7,413	-	7,413
Licenses, permits, and local taxes	-	3,730	-	3,730
Occupancy expenses	-	12,209	-	12,209
Payroll and related expenses	-	223,905	-	223,905
Postage and delivery	-	30,120	-	30,120
Printing and reproduction	-	-	9,568	9,568
Program expenses	3,883,151	-	-	3,883,151
Supplies	-	-	21,207	21,207
Telephone and communication	-	11,518	-	11,518
Training and staff development	-	28	-	28
Travel expenses	-	-	14,580	14,580
<i>Total operating expenses</i>	<b>\$ 3,951,857</b>	<b>\$ 387,585</b>	<b>\$ 581,180</b>	<b>\$ 4,920,622</b>
Depreciation expense	-	3,991	-	3,991
<i>Total expenses</i>	<b>\$ 3,951,857</b>	<b>\$ 391,576</b>	<b>\$ 581,180</b>	<b>\$ 4,924,613</b>

### j. Related Party Transactions

The Organization has an outstanding \$120,000 notes receivable to an entity that is 50% owned by the president of the Organization. See Note 4 for more discussion on the notes receivable investment.

# Amoud Foundation

## Notes to Financial Statements - for the year ended December 31, 2021

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### k. Program Expenses

For the year ended December 31, 2021, the Organization incurred the following program expenses:

<b><u>Program Description</u></b>	<b><u>Amount</u></b>
Agricultural Project	16,240
Healthcare	295,149
Udhiya/Qurbani	370,103
Drought Relief Program	482,450
Orphanages	122,270
Education	284,500
Sadaqa (charity)	228,892
Zakat	77,800
Iftar\Ramadan Food	481,030
Water Wells	1,365,130
Yemen Refugees	1,000
Other miscellaneous programs	3,620
<b><i>Subtotal program expenses</i></b>	<b><i>3,728,184</i></b>
<b>In-kind donations expense</b>	
Medwish	\$4,967
Baylor Medical	75,000
Medical Containers Sweden	75,000
<b><i>Total in-kind donations expense</i></b>	<b><i>\$154,967</i></b>
<b><i>Total Program Expenses</i></b>	<b><i>\$3,883,151</i></b>

### 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, 2021, the Organization recognized \$154,967 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 (see Note 2k).

# Amoud Foundation

## Notes to Financial Statements - for the year ended December 31, 2021

### **m. Advertising Costs**

The Organization expenses advertising costs as they are incurred. The Organization incurred \$512,174 in advertising costs for the year ended December 31, 2021.

### **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:

<b>Total Financial Assets</b>	<b>\$ 3,792,539</b>
<b>Less:</b>	
Cash and cash equivalents (with donor restrictions)	-
Cash and cash equivalents (board designated)	-
<b>Total financial assets available for general expenditure</b>	<b><u>\$ 3,792,539</u></b>

### **o. Subsequent Events**

In preparing financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through August 24, 2022, the date that the financial statements were available to be issued. The Organization is not aware of any material subsequent events.

# Amoud Foundation

## Notes to Financial Statements - for the year ended December 31, 2021

### 3. 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 Church 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 investments were recorded at fair value as of December 31, 2021, based on the following levels of hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity investments	\$ 570,703	\$ -	\$ -	\$ 570,703
Notes receivable		60,000		
	<u>\$ 570,703</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 630,703</u>

# Amoud Foundation

## Notes to Financial Statements - for the year ended December 31, 2021

### 3. Fair value measurements (continued)

Investment returns for the year ended December 31, 2021 is included in other income in the accompanying Statement of Activities and Changes in Net Assets and consists of the following:

Dividends	\$	687
Realized gains		3,589
Unrealized gains		16,427
	<u>\$</u>	<u>20,703</u>

### 4. Notes Receivable

The Organization holds a promissory note from private entity that invests in real estate ventures. The note does not bear an interest rate, but promises a return on the investment based on the performance of the real estate ventures. The Organization's management makes periodic assessments of the ultimate realization of notes receivable. Loans to entities that do not periodically remit the earnings from the investment as originally promised are deemed to be at risk of impairment and as such an allowance for doubtful notes receivable is recognized in the amount of the estimated impairment. A summary of notes receivable and the allowance for doubtful notes receivable are as follows:

Description	Investment - fair market value	Allowance	Carrying Value at 12-31-2021
Notes receivable	120,000	(60,000) #	60,000
<b>Grand Total:</b>	<b>\$ 120,000</b>	<b>\$ (60,000) #</b>	<b>\$ 60,000</b>

### 5. Extinguishment of Debt

The Organization obtained a COVID-19-related government-backed loan (e.g., Paycheck Protection Program) in 2020 and in 2021 the loan was forgiven per the program's rules. In accordance with GAAP, the Organization recognized \$26,030 in gain from the extinguishment of debt as result of the loan forgiveness.



# **Amoud Foundation**

## **Notes to Financial Statements - for the year ended December 31, 2021**

### **6. COVID-19 Pandemic Impact**

The COVID-19 Pandemic has not impacted the Organization's operations, revenue, or cash flows for the year ended December 31, 2021.