

United Mission for Relief & Development
Financial Statements
December 31, 2018
(with comparative financial information
as of and for the year ended December 31, 2017)
with
Independent Auditor's Report

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Independent Auditor's Report

To The Board of Directors of
United Mission for Relief & Development

We have audited the accompanying financial statements of United Mission for Relief & Development (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' 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 auditors' 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 United Mission for Relief & Development as of December 31, 2018 and the change in the net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in United States of America.

Report on Summarized Comparative Information

We have previously audited United Mission for Relief & Development financial statements (formally United Muslim Relief), and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent in all material respects, with the audited financial statements from which it has been derived.

Raya CPA & Consulting Services, LLC.

Chantilly, Virginia

4/25/2019

United Mission for Relief & Development
Statement of Financial Position
December 31, 2018
(with summarized comparative financial information as of December 31, 2017)

	2018			2017
	Unrestricted	Temporary Restricted	Total	Total
<u>Assets</u>				
Current Assets				
Cash	\$ 941,059	\$ 85,870	\$ 1,026,929	\$ 1,220,003
Pledges receivables	286,823	716,328	1,003,151	675,735
Due from field offices	-	12,234	12,234	15,650
Prepaid expenses	2,076	-	2,076	13,101
Total current assets	1,229,958	814,432	2,044,390	1,924,489
Fixed Assets				
Property, equipment and furniture	52,350	-	52,350	44,805
Accumulated depreciation	(27,705)	-	(27,705)	(18,919)
Fixed assets - net	24,645	-	24,645	25,886
Total Assets	\$ 1,254,603	\$ 814,432	\$ 2,069,035	\$ 1,950,375
<u>Liabilities and Net Assets</u>				
Current Liabilities				
Accounts payable	\$ 94,309	\$ 189,319	\$ 283,628	\$ 387,618
Due to partners	-	-	-	626,555
Payroll liability	53,659	-	53,659	47,971
Payroll taxes liabilities	-	-	-	5,566
Total current liabilities	147,968	189,319	337,287	1,067,710
Net Assets	1,106,635	625,113	1,731,748	882,665
Total Liabilities and Net Assets	\$ 1,254,603	\$ 814,432	\$ 2,069,035	\$ 1,950,375

The accompanying notes are an integral part of these financial statements

United Mission for Relief & Development

Statement of Activities

Year Ended December 31, 2018

(with summarized comparative financial information for the year ended December 31, 2017)

	2018			2017
	Unrestricted	Temporary Restricted	Total	Total
Donations and Support				
Contributions	\$ 1,401,474	\$ 5,887,691	\$ 7,289,165	\$ 7,649,497
In-kind donations	-	76,610,456	76,610,456	72,976,177
Net assets released from restrictions	82,100,758	(82,100,758)	-	-
Total donations and support	83,502,232	397,389	83,899,621	80,625,674
Total expenses	83,050,538	-	83,050,538	80,270,446
Change in net assets	451,694	397,389	849,083	355,228
Net assets, beginning of the year	654,941	227,724	882,665	527,437
Net assets, end of the year	<u>\$ 1,106,635</u>	<u>\$ 625,113</u>	<u>\$ 1,731,748</u>	<u>\$ 882,665</u>

The accompanying notes are an integral part of these financial statements

United Mission for Relief & Development
 Statements of Cash Flow
 Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Activities		
Change in net assets	\$ 849,083	\$ 355,228
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,672	7,886
Increase in pledge receivable	(327,416)	(268,093)
Decrease in field offices	3,416	2,871
Decrease (increase) in prepaid expenses	11,025	(13,100)
(Decrease) Increase in accounts payable	(103,990)	226,103
Decrease in due to partners	(626,555)	(148,053)
Increase in payroll liabilities	5,688	14,558
(Decrease) increase in payroll taxes	(5,566)	1,846
Net cash (used in) provided by operating activities	<u>(183,643)</u>	<u>179,246</u>
Investing Activities		
Purchase of fixed assets	<u>(9,431)</u>	<u>(900)</u>
Net cash used in investing activities	(9,431)	(900)
Net (decrease) increase in cash for the year	(193,074)	178,346
Cash at the beginning of the year	<u>1,220,003</u>	<u>1,041,657</u>
Cash at the end of the year	<u>\$ 1,026,929</u>	<u>\$ 1,220,003</u>

The accompanying notes are an integral part of these financial statements

United Mission for Relief & Development
Statement of Functional Expenses
Year Ended December 31, 2018
(with summarized comparative financial information for the year ended December 31, 2017)

	2018				2017
	Program Services	Supporting Services Management & General	Fundraising	Total	
In-kind donations	\$ 76,610,456	\$ -	\$ -	\$ 76,610,456	\$ 72,976,177
Donations	3,253,495	-	-	3,253,495	4,164,549
Salaries and benefits	1,248,520	592,164	-	1,840,684	1,430,600
Travel	322,476	37,209	4,331	364,016	365,002
Contractors and sponsorship	220,746	37,155	18,998	276,899	297,094
Printing and office supplies	107,216	34,674	4,377	146,266	343,293
Mailing and promotion	148,913	27,074	6,352	182,339	90,959
Conferences	12,720	-	-	12,720	194,338
Telecommunications	12,724	10,627	-	23,351	17,268
Rent	43,916	99,944	6,514	150,374	164,237
Equipment	4,525	-	-	4,525	18,538
Bank charges	86,651	8,588	-	95,239	106,008
Depreciation and amortization	4,996	5,676	-	10,672	7,886
Licenses and dues	8,263	1,084	-	9,347	12,467
Insurance	-	1,110	-	1,110	1,212
Professional services	15,141	53,904	-	69,045	80,818
Total	\$ 82,100,758	\$ 909,208	\$ 40,572	\$ 83,050,538	\$ 80,270,446

The accompanying notes are an integral part of these financial statements

1. Organization's Background

United Mission for Relief & Development (UMR) is an exempt (501) (c) (3) non-for-profit organization established in July 2010 after the earthquake in Haiti under the name Muslims Without Borders, located in Falls Church, Virginia. At that time, the mission of the organization was a student-based relief agency dedicated to helping alleviate suffering from natural disasters throughout the world. In September 2013, the organization changed its name to Untied Muslim Relief and widened its mission to focus on building humanities coalitions to tackle development needs all over the world. The organization responds to the emergency situation arising from natural disaster and conflicts across the world by providing medications, clean water, food and shelter. The organization also provides sponsorships programs to orphans and orphanages in Asia, Africa and Middle East to help communities lift themselves up from poverty. The main source of its revenues are driven from donations and fundraising. In August 2018, the organization changed its name to United Mission for Relief & Development.

2. Summary of Significant Accounting Policies

- Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting generally accepted in the United State of America. Under this method, revenue is recognized when earned and expenses are recognized when incurred.

- Basis of presentation

UMR follows the Not-for-Profit Topic of the FASB Accounting Standards Codification (the Codification). Under this topic, UMR is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net asset, temporarily restricted net assets and permanently restricted net assets. UMR does not have any permanently restricted net assets.

- Use of an estimate

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

- Cash and financial risk

Cash and cash equivalent include cash on hand and checking accounts held with banks. The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits of \$250,000. As of December 31, 2018 and 2017, the uninsured balance was \$791,446 and \$1,080,768, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on cash.

- Other current assets

Other current assets consist of prepaid expenses and transfers to foreign field offices' bank accounts. Expenses are recognized in the year to which they relate.

- **Property, furniture and equipment**

Property and equipment purchases are recorded at cost and, if donated at fair value, depreciation is computed on the straight-line basis.

- **Restricted and unrestricted revenue**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted revenue, depending on the existence and/or nature of any donor restrictions.

All donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are measured at fair value and reported as increases in net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

- **In-kind donations**

UMR receives substantial support of in-kind donations. The primary source of the donations come from its pharmaceutical partner suppliers to accomplish the organization's purpose. In recording contributions of pharmaceuticals, UMR relies upon a third-party independent appraiser to ensure independent valuation. Both branded and generic pharmaceuticals are recorded using the method of evaluation known as the Sales Comparison Approach for goods commonly sold in the marketplace. The market used in this evaluation is based on the Wholesale Acquisition Cost (WAC) in the United States.

In 2018 and 2017, the organization provided in-kind pharmaceutical donation to the following countries:

	2018	2017
Palestine	\$ 43,415,305	\$ 490,632
Yemen	24,808,744	63,314,453
Somalia	6,202,187	884,300
Sudan	1,086,960	-
Jordan (Syrian Refugees)	553,780	6,864,882
Lebanon	543,480	-
Ethiopia	-	854,120
Libya	-	517,790
USA	-	50,000
Total	\$ 76,610,456	\$ 72,976,177

- **Cash donations**

UMR has directly donated cash to programs activities in various countries worldwide to cover various humanitarian needs in food security, emergency response, health, education, winter relief, child protection, and clean water. These programs are directly implemented by UMR or through partners. The organization provided the below cash donation during the years ended December 31, 2018 and 2017:

	2018	2017
Jordan (Syrian & Palestinian Refugees)	\$ 919,858	\$ 900,899
Syrian Refugees (Turkey and Lebanon)	525,894	771,124
Yemen	442,071	276,489
USA	270,046	220,609
Kenya	254,704	151,799
Bangladesh (Rohingya Refugees)	215,178	376,815
Palestine	176,282	519,160
Orphans in multicountries	100,790	309,731
Sudan	84,574	97,595
Pakistan	66,056	39,977
Ethiopia	61,200	27,770
Somalia	52,008	262,738
Lebanon	50,070	27,270
India	25,000	111,392
Bosnia	5,250	-
Iraq	4,515	37,220
Eritrea	-	5,695
Kashmir	-	8,840
Niger	-	19,426
Total	\$ 3,253,495	\$ 4,164,549

- **Revenue recognition**

UMR recognizes unrestricted contributions as revenue in the period received or when the unconditional promise to give is made. UMR reports contributions as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

- **Contribution receivable**

The unconditional promise to give is recorded in the statement of financial position as pledge receivables. As of December 31, 2018 and 2017, the organization had a balance of \$1,003,151 and \$675,735, respectively of pledge receivable that is expected to be collected within 12-month period. The organization has not recorded allowance for doubtful amount.

- **Grants to recipients**

In 2018, UMR granted to partners domestically and internationally \$256,219, with a considerable portion toward its domestic programs, winter relief, and refugees (mainly Syrian and Palestinian refugees in Jordan, and for Yemeni) programs worldwide, comparing to \$1,366,056 in 2017. The reduction in grants is that UMR started in 2017 to expand its capacity in its in-house program implementation. The program department carried out direct implementation, specially in field offices, mainly Jordan and Kenya to cover its respective regions, in 2018. The Organization recorded \$0 as of December 31, 2018 comparing to \$626,555 payable to partners as of December 31, 2017. In 2018, UMR started the process of establishing a regional office in Jordan to expand its operations in the region, with a close focus to Yemen where a registration for a local office is in the process as well. UMR's expansion in Yemen is a response to the humanitarian crisis resulting from the war, with a focus on food security and health programs.

- **Rent expense**

In August 2018, UMR entered into new lease agreement for 5 years for its office. Rent expense was \$150,374 and \$164,237 for the year ended December 31, 2018 and 2017, respectively.

The following is a schedule, by year, for the future minimum lease payments required under non-cancelable operating lease as of December 31, 2018:

2019	\$ 115,070.40
2020	119,676.36
2021	124,470.96
2022	129,454.20
2023	77,248.08
Total minimum payments	<u>\$ 565,920.00</u>

- **Transactions in foreign currencies**

UMR conducts many of its programs through field offices in foreign countries, and accordingly, transacts in the local currencies of those countries. These foreign currency transactions are translated into U.S. dollars at the appropriate exchange rates when each transaction is executed.

- **Foreign operations**

UMR continued supporting and strengthening its field offices, in Jordan and Kenya by expanding its field programs, to serve Syrian and Yemeni refugees, as well as conducting relief work in parts of Africa through Kenya office. UMR also responded to the Gaza, Rohingya and Yemeni crisis directly and through various partners with direct donations, as well as medical and medicine relief shipments. The future of these offices, however, may be adversely affected by a number of potential factors, such as changes in the political climate. As of December 31, 2018, UMR continued the implementation of number of programs directly through these offices, mainly through public donations. UMR-Jordan office was able to continue the implementation a psycho-social support program for Syrian refugee children, as well maintaining two safe spaces through “Child Friendly Spaces” program in northern Jordan for Syrian refugees’ children affected by Syrian war. In 2019 UMR is looking forward to expand its child protection programs in the regions covered by Kenya and Jordan offices.

- **Functional allocation of expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs which could be directly identified with a specific program were charged to that program, but items for general use or not directly identifiable were allocated to Management & General. Costs, which directly identified with fundraising, including fundraising labor costs, are allocated to fundraising expenses.

- **Tax Exempt Status**

United Mission for Relief & Development is incorporated exempt from federal income tax under section (501) (c) (3) of Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The Organization has no uncertain tax position that requires recognition or disclosure in the financial statements.

- **Subsequent Events**

The management has evaluated the subsequent events in consideration of the financials through April 25, 2019 the date the financial statements were available to be issued. The Organization has no material recognizable subsequent events.