# Islamic Relief USA and Affiliates

Consolidated Financial Report
December 31, 2021

## Contents

## Independent Auditor's Report

Board of Directors
Islamic Relief USA

**Opinion**
We have audited the consolidated financial statements of Islamic Relief USA and Affiliates (collectively, IRUSA), which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IRUSA as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**
We conducted our audit 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 IRUSA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the 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 IRUSA's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be 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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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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 IRUSA'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 IRUSA'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.

**Report on Summarized Comparative Information**
We have previously audited IRUSA's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

McLean, Virginia
November 11, 2022

**Islamic Relief USA and Affiliates**

**Consolidated Balance Sheet**
**December 31, 2021**
**(With Comparative Totals for 2020)**

| | **2021** | 2020 |
| --- | --- | --- |
| **Assets** | | |
| Cash | **$ 61,837,802** | $ 45,854,817 |
| Investments | **40,209,938** | 19,414,414 |
| Grant advances | **92,694,354** | 57,712,274 |
| Prepaid expenses and other assets | **1,121,448** | 1,036,412 |
| Property and equipment, net | **4,454,691** | 4,552,609 |
| | **$ 200,318,233** | $ 128,570,526 |
| **Liabilities and Net Assets** | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | **$ 2,217,025** | $ 1,821,389 |
| Grants payable | **1,555,744** | 3,051,947 |
| Note payable | **-** | 2,240,356 |
| **Total liabilities** | **3,772,769** | 7,113,692 |
| Commitments and contingencies (Notes 8 and 10) | | |
| Net assets: | | |
| Without donor restrictions | **87,531,383** | 56,962,260 |
| With donor restrictions | **109,014,081** | 64,494,574 |
| | **196,545,464** | 121,456,834 |
| | **$ 200,318,233** | $ 128,570,526 |

See notes to consolidated financial statements.

## Islamic Relief USA and Affiliates

## Consolidated Statement of Activities
### Year Ended December 31, 2021
### (With Comparative Totals for 2020)

| | 2021 | | | 2020 |
|---|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** | Total |
| Support and revenue: | | | | |
| Contributions | **$ 48,053,368** | **$ 86,076,836** | **$ 134,130,204** | $ 109,185,805 |
| Forgiveness of Paycheck Protection Program loan | **2,240,356** | **-** | **2,240,356** | **-** |
| In-kind contributions | **257,903** | **-** | **257,903** | 12,000 |
| Net assets released from restriction | **41,557,329** | **(41,557,329)** | **-** | - |
| **Total support and revenue** | **92,108,956** | **44,519,507** | **136,628,463** | 109,197,805 |
| Expenses: | | | | |
| Program services | **48,853,974** | **-** | **48,853,974** | 52,034,086 |
| Management and general | **2,924,722** | **-** | **2,924,722** | 4,319,630 |
| Fundraising | **18,465,408** | **-** | **18,465,408** | 13,707,232 |
| **Total expenses** | **70,244,104** | **-** | **70,244,104** | 70,060,948 |
| **Change in net assets before other items** | **21,864,852** | **44,519,507** | **66,384,359** | 39,136,857 |
| Other items: | | | | |
| Foreign currency exchange (loss) gain | **(4,134)** | **-** | **(4,134)** | 21,031 |
| Realized and unrealized gain on investments, net | **8,684,347** | **-** | **8,684,347** | 5,119,747 |
| Other income | **24,058** | **-** | **24,058** | 136,070 |
| **Total other income** | **8,704,271** | **-** | **8,704,271** | 5,276,848 |
| **Change in net assets** | **30,569,123** | **44,519,507** | **75,088,630** | 44,413,705 |
| Net assets: | | | | |
| Beginning | **56,962,260** | **64,494,574** | **121,456,834** | 77,043,129 |
| Ending | **$ 87,531,383** | **$ 109,014,081** | **$ 196,545,464** | $ 121,456,834 |

See notes to consolidated financial statements.

## Islamic Relief USA and Affiliates

## Consolidated Statement of Functional Expenses
## Year Ended December 31, 2021
## (With Comparative Totals for 2020)

| | 2021 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Program Services | | | | | | | | | | | |
| | Emergency Response and Preparedness | Orphan Support | Food Security and Livelihood | Health & Nutrition | Education | Water, Sanitation and Hygiene | U.S. Programs | Total Program Services | Management and General | Fundraising | Total | 2020 Total |
| International grants | $ 6,998,898 | $ 13,039,601 | $ 10,366,713 | $ 2,151,905 | $ 346,197 | $ 1,197,619 | $ - | $ 34,100,933 | $ - | $ - | $ 34,100,933 | $ 28,961,379 |
| In-kind donations sent to relief sites | - | - | - | 283,047 | - | - | - | 283,047 | - | - | 283,047 | 9,758,548 |
| Employee leasing and related expenses | 840,180 | 1,565,334 | 1,244,468 | 292,303 | 41,559 | 143,768 | 815,049 | 4,942,661 | 1,482,745 | 8,186,258 | 14,611,664 | 13,390,968 |
| Domestic grants | - | - | - | - | - | - | 6,653,483 | 6,653,483 | - | - | 6,653,483 | 6,365,027 |
| Advertising and marketing | 226,245 | 421,515 | 335,112 | 78,712 | 11,191 | 38,714 | 219,477 | 1,330,966 | 6,950 | 5,923,384 | 7,261,300 | 5,663,401 |
| Events | 776 | 1,446 | 1,150 | 270 | 38 | 133 | 753 | 4,566 | 5,089 | 171,234 | 180,889 | 264,102 |
| Travel | 36,056 | 67,175 | 53,405 | 12,544 | 1,783 | 6,170 | 34,977 | 212,110 | 24,262 | 335,687 | 572,059 | 312,437 |
| Convention and sponsorship | 10,836 | 20,189 | 16,051 | 3,770 | 536 | 1,854 | 10,512 | 63,748 | 256 | 1,293,020 | 1,357,024 | 1,343,838 |
| Bank charges and credit card fees | 98,711 | 183,907 | 146,210 | 34,342 | 4,883 | 16,891 | 95,758 | 580,702 | 643,564 | 880,231 | 2,104,497 | 1,631,906 |
| Business dues | 31,574 | 58,825 | 46,767 | 10,985 | 1,562 | 5,403 | 30,629 | 185,745 | 132,711 | 229,176 | 547,632 | 504,583 |
| Technology | 32,835 | 61,176 | 48,636 | 11,424 | 1,624 | 5,619 | 31,853 | 193,167 | 210,431 | 291,549 | 695,147 | 570,206 |
| Professional/consultant services | 20,236 | 37,701 | 29,973 | 7,040 | 1,001 | 3,463 | 19,631 | 119,045 | 128,388 | 659,688 | 907,121 | 607,792 |
| Office expenses | 23,715 | 44,183 | 35,126 | 8,250 | 1,173 | 4,058 | 23,005 | 139,510 | 126,833 | 422,394 | 688,737 | 352,650 |
| Professional education and training | 1,349 | 2,514 | 1,999 | 469 | 67 | 231 | 1,309 | 7,938 | 50,019 | 9,561 | 67,518 | 91,862 |
| Other expenses | 6,179 | 11,513 | 9,153 | 2,150 | 306 | 1,057 | 5,995 | 36,353 | 113,474 | 63,226 | 213,053 | 242,249 |
| | $ 8,327,590 | $ 15,515,079 | $ 12,334,763 | $ 2,897,211 | $ 411,920 | $ 1,424,980 | $ 7,942,431 | $ 48,853,974 | $ 2,924,722 | $ 18,465,408 | $ 70,244,104 | $ 70,060,948 |

See notes to consolidated financial statements.

**Islamic Relief USA and Affiliates**

**Consolidated Statement of Cash Flows**
**Year Ended December 31, 2021**
**(With Comparative Totals for 2020)**

| | 2021 | 2020 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | **$ 75,088,630** | $ 44,413,705 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Realized/unrealized gain on investments, net | **(8,469,097)** | (5,167,253) |
| Depreciation expense | **184,047** | 242,249 |
| Donated investments | **(2,858,153)** | (1,410,594) |
| Forgiveness of Paycheck Protection Program loan | **(2,240,356)** | - |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Inventory—in-kind | **-** | 9,655,731 |
| Grant advances | **(34,982,080)** | (47,344,438) |
| Prepaid expenses and other assets | **(85,036)** | 2,847,766 |
| Increase (decrease) in: | | |
| Accounts payable | **395,636** | (2,111,209) |
| Grants payable | **(1,496,203)** | (6,137,331) |
| **Net cash provided by (used in) operating activities** | **25,537,388** | (5,011,374) |
| | | |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | **(86,129)** | (67,448) |
| Sales of investments | **7,647,846** | - |
| Purchase of investments | **(17,116,120)** | (958,020) |
| **Net cash used in investing activities** | **(9,554,403)** | (1,025,468) |
| | | |
| Cash flows from financing activities: | | |
| Proceeds from note payable | **-** | 2,240,356 |
| **Net cash provided by financing activities** | **-** | 2,240,356 |
| | | |
| **Net increase (decrease) in cash** | **15,982,985** | (3,796,486) |
| | | |
| Cash: | | |
| Beginning | **45,854,817** | 49,651,303 |
| | | |
| Ending | **$ 61,837,802** | $ 45,854,817 |
| | | |
| Supplemental schedule of noncash financing activities: | | |
| Forgiveness of Paycheck Protection Program loan | **$ 2,240,356** | $ - |

See notes to consolidated financial statements.

## Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Islamic Relief USA and Affiliates is comprised of the following entities: Islamic Relief USA, 88 Wheeler Foundation, LLC (Wheeler Foundation) and IRUSA WAQF (WAQF), collectively referred to as IRUSA. Islamic Relief USA, a 501(c)(3) organization, was organized under the Nonprofit Public Benefit Corporation Law and Section 23701(f) of the California Revenue and Taxation Code. Islamic Relief USA provides food, clothing and medicine on a worldwide basis through governmental organizations and relief agencies. Islamic Relief USA assists in the establishment and operation of training centers, schools, hospitals, clinics and other projects that serve refugees throughout the world. The majority of Islamic Relief USA's programs are administered through grants with Islamic Relief Worldwide (IRW), which is based in the United Kingdom. Islamic Relief USA also provides aid to underprivileged populations throughout the United States and a disaster response team assists in emergency situations across the country.

Wheeler Foundation is a single-member limited liability company used to purchase and hold real estate property.

WAQF is a 501(c)(3) supporting organization used to grow funds to support future administrative costs for IRUSA.

Islamic Relief USA's mission is to provide relief and development in a dignified manner regardless of gender, race or religion and works to empower individuals in their communities and give them a voice in the world.

IRUSA programs are as follows:

***Emergency Response and Preparedness:*** The primary functions of these projects are: (1) to survey and assess the needs of areas suffering from natural or manmade disasters such as earthquakes, floods and wars and to provide immediate relief in the form of shelters, food packets and urgent medical care and (2) to distribute needed help to the homeless and the needy in the United States and abroad. IRUSA's projects include the rebuilding of homes, schools and hospitals after the immediate relief is provided.

***Orphan Support:*** The orphan support projects provide cash stipends to orphans throughout the world and may be used to support their education, health, nutrition, shelter and other needs. Orphan support projects also provide services for the vulnerable and needy families of the orphans, which may include healthcare, livelihood support, food assistance or education.

***Health and Nutrition Programs:*** These projects are designed to provide essential health care and medicine to poor communities using integrated health programs aimed at caring for children traumatized and injured by armed conflict and crisis and offer medical aid and care for mothers and children in areas that lack adequate health services.

***Education Program:*** These education projects provide adult literacy and language classes, school sponsorships, high school learning materials and equipment.

***Water, Sanitation and Hygiene Programs:*** These Water, Sanitation and Hygiene projects help build water systems, and ensure communities have a sustainable source of clean water for years to come. Additionally, the projects aim to improve access to safe, hygienic and gender-friendly sanitation facilities.

## Note 1. Nature of Activities and Significant Accounting Policies (Continued)

***U.S. Programs:*** Every year, IRUSA hosts Day of Dignity™ events nationwide. IRUSA partners with and provides grant support to implementing grassroots organizations in each of the local communities where Day of Dignity™ is hosted. The event connects homeless, needy and vulnerable individuals to medical care providers, food assistance, clothing assistance and other social services and programs available to them. IRUSA has provided gifts-in-kind at these events in the form of hygiene kits and school kits. First held in 2004, Day of Dignity™ is now in its 13th year and has benefited thousands of Americans.

***Food Security and Livelihood Program:*** The Food Security and Livelihood Program is made up of multiple smaller project consisting of:

*Ramadan Food Distribution:* The Ramadan Food Distribution, which occurs throughout the month of Ramadan, focuses on the distribution of supplementary food packages to needy families. They contain food staples such as rice, beans, sugar and cooking oil.

*Udhiyah/Qurbani:* The Udhiyah/Qurbani Program is another seasonal food distribution program that focuses on providing meat to families who may otherwise not have reliable access to meat throughout the year. The typical package distributed to each family consists of approximately five pounds of fresh or frozen meat, usually beef or lamb.

*Development projects:* The objective of the development projects is to give people the confidence to participate in their own development and to secure their own future without the need for continuing external assistance. The projects include water, sanitation, health and nutrition programs and income generation projects.

*Income generation projects:* These projects are designed to help individuals acquire the skills they need to develop a reliable means of earning income, help communities prosper by boosting the local economy and by creating jobs.

In addition, IRUSA supports the United Nations' sustainable development goals and works on humanitarian projects that promote the following goals: (1) end poverty in all its forms everywhere; (2) end hunger, achieve food security and improved nutrition and promote sustainable agriculture; (3) ensure healthy lives and promote well-being for all at all ages; (4) ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; (5) achieve gender equality and empower all women and girls; (6) ensure availability and sustainable management of water and sanitation for all; (7) ensure access to affordable, reliable, sustainable and modern energy for all; (8) promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; (9) build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; (10) reduce income inequality within and among countries; (11) make cities and human settlements inclusive, safe, resilient and sustainable; (12) ensure sustainable consumption and production patterns; (13) take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy; (14) conserve and sustainably use the oceans, seas and marine resources for sustainable development; (15) protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss; (16) promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels and (17) strengthen the means of implementation and revitalize the global partnership for sustainable development.

## Note 1. Nature of Activities and Significant Accounting Policies (Continued)

A summary of IRUSA's significant accounting policies follows:

**Principles of consolidation:** All intercompany accounts and transactions between IRUSA and the Wheeler Foundation and WAQF have been eliminated in the consolidated financial statements.

**Basis of presentation:** IRUSA follows Accounting Standards Codification (ASC) 958-10, Not-for-Profit Entities. Under ASC 958-205, Not-for-Profit Entities, Presentation of Financial Statements, IRUSA is required to report information regarding its financial position and activities according to two classes of net assets: net assets with or without donor restrictions.

***Net assets without donor restrictions:*** Net assets are those whose use is not restricted by donor stipulations and are available for the support of general operating activities.

***Net assets with donor restrictions:*** Net assets are unavailable for use in the current period because of the existence of time and/or donor-imposed restrictions that remain unsatisfied at year-end or resources whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of IRUSA. Income earned from contributions is classified as either net assets with donor restrictions or net assets without donor restrictions in accordance with donor stipulations.

**Financial risk:** IRUSA maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. IRUSA has not experienced any losses in such accounts. IRUSA believes it is not exposed to any significant financial risk on cash.

**Investments:** Investments are stated at fair value. Investments acquired by gift or bequest are initially recorded at fair value at the date of donation. Cash held for long-term investments is reported as investments.

**Grant advances:** Represents cash paid to grantees for which some condition was not yet met. Conditions of a grant or contribution include the completion of project tasks and related expenditures.

**Property and equipment:** Property and equipment purchases over $5,000 are capitalized and stated at cost. Depreciation is provided using the straight-line method over estimated useful lives of the assets based on cost. The estimated useful lives of the assets range from 3 to 10 years for furniture and equipment and up to 40 years for building and improvements. Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

**Impairment of long-lived assets:** IRUSA reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

## Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Grants payable:** Grants are recognized as liabilities in the year IRUSA makes the unconditional commitment and communicates it to the grantee. These are typically paid within the next fiscal year.

**Contributed services:** IRUSA received services donated by its volunteers in carrying out IRUSA's mission. No amounts have been reflected in the consolidated financial statements for those services since they do not meet the criteria for recognition under ASC 958-605, Not-for-Profit Entities, Revenue Recognition.

**Contributions:** Unconditional contributions are recorded as support at fair value in the year a donation is received from the donor. Conditional contributions are recognized when the condition has been substantially met. Unconditional contributions with donor-imposed restrictions are reported as net assets with donor restrictions. When the stipulated purpose has been met or time constraint met, the contribution is reported as net assets without donor restrictions.

**In-kind contributions:** Donated materials for use in IRUSA's operations are recorded as in-kind contribution revenue and expense at their estimated fair value, based on published wholesale prices or independent supplier quotations. When donated material is in transit, IRUSA maintains the gifts-in-kind as inventory at their estimated fair value. Donated materials are used exclusively for IRUSA's humanitarian assistance programs.

**Functional allocation of expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Employee leasing and related expenses are allocated based on estimates of time and efforts. Accounting, legal, insurance and other operating costs are allocated based on salary expense. Depreciation is allocated based on headcount.

**Advertising and marketing costs:** IRUSA follows the policy of charging the production costs of advertising and marketing to expense (as incurred). Advertising and marketing expense for the year ended December 31, 2021, was $7,261,300.

**Employee leasing and related expenses:** IRUSA has entered into an employee leasing agreement with TriNet, a licensed professional employer organization, to share several important employer responsibilities. Therefore, as co-employers, IRUSA and TriNet have agreed that TriNet is the employer of record for administrative purposes and issues payroll, administers benefits and provides certain human resources services while IRUSA retains the responsibility as the worksite employer for directing their day-to-day work and IRUSA's business affairs.

**Foreign currency transactions:** Expenses that are incurred in foreign currencies are converted into U.S. dollars at the rate of exchange in effect during the month of the transaction. Gains and losses from foreign currency transactions are included in change in net assets.

**Use of estimates:** The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Income taxes:** IRUSA is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, IRUSA qualifies for charitable contributions deductions and has been classified as an organization that is not a private foundation. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. There was no net tax liability for unrelated business income tax at December 31, 2021.

Management has evaluated IRUSA's tax positions and has concluded that IRUSA has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of the guidance for uncertainty in income taxes. IRUSA files tax returns in the U.S. federal jurisdictions. Generally, IRUSA is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2018.

**Reclassifications:** Certain 2020 amounts previously reported have been reclassified to be consistent with the 2021 presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

**Comparative financial information:** The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with IRUSA's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**Recent accounting pronouncements:** In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02*, Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. IRUSA is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the consolidated statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021. This ASU is effective for IRUSA beginning on January 1, 2022. IRUSA is currently evaluating the impact of this new guidance on the consolidated financial statements.

**Subsequent events:** IRUSA evaluated subsequent events through November 11, 2022, which is the date the consolidated financial statements were available to be issued.

## Note 2. Liquidity

IRUSA regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The following table reflects the IRUSA's financial assets as of December 31, 2021, reduced by amounts that are not available to meet general expenditures within one year of the consolidated balance sheet date because of contractual restrictions. Amounts not available include net assets with donor restrictions not expected to be met within a year.

| | |
|---|---|
| Financial assets at year-end: | |
| Cash | $ 61,837,802 |
| Investments | 40,209,938 |
| Accounts receivable | 11,645 |
| Total financial assets | 102,059,385 |
| | |
| Less amounts not available to be used within one year: | |
| Net assets with donor restrictions | 109,014,081 |
| Financial assets available to meet general expenditures over the next 12 months | $ - |

## Note 3. Investments

Investments at December 31, 2021, consist of the following:

| | |
|---|---|
| Common stock | $ 26,422,690 |
| Exchange-traded funds | 3,013 |
| Cash and money market accounts | 940,745 |
| Mutual funds | 1,383,220 |
| Alternative investment | 11,460,270 |
| | $ 40,209,938 |

Investment income, net, for the year ended December 31, 2021, consist of the following:

| | |
|---|---|
| Realized and unrealized gain on investments | $ 8,469,097 |
| Investment fees | 215,250 |
| | $ 8,684,347 |

## Note 4. Property and Equipment

Property and equipment and accumulated depreciation consist of the following at December 31, 2021:

| Asset Category | Estimated Lives | Cost | Accumulated Depreciation | Net |
|---|---|---|---|---|
| Land | - | $ 1,303,279 | $ - | $ 1,303,279 |
| Building and building improvements | 3-40 years | 3,930,575 | 1,007,463 | 2,923,112 |
| Furniture and equipment | 3-7 years | 785,341 | 564,041 | 221,300 |
| Vehicles | 3-5 years | 35,000 | 28,000 | 7,000 |
| | | $ 6,054,195 | $ 1,599,504 | $ 4,454,691 |

Depreciation expense for the year ended December 31, 2021, was $184,047.

## Note 5. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during the year ended December 31, 2021, are as follows:

| | Beginning Balance | Additions | Releases From Restrictions | Ending Balance |
|---|---|---|---|---|
| Development | $ 3,899,102 | $ 2,812,047 | $ (880,041) | $ 5,831,108 |
| Education and training | 331,355 | 213,334 | (19,788) | 524,901 |
| Emergency and relief | 16,943,456 | 35,754,242 | (9,749,471) | 42,948,227 |
| Health and nutrition | - | 306,980 | (306,980) | - |
| Income generation | 337,850 | 161,323 | - | 499,173 |
| Orphans | 18,081,792 | 22,496,678 | (13,909,246) | 26,669,224 |
| Udhiya/Qurbani and Feed the Needy | 3,818,016 | 10,763,323 | (14,243,189) | 338,150 |
| Zakat and Sadaqa | 21,083,003 | 13,568,909 | (2,448,614) | 32,203,298 |
| | $ 64,494,574 | $ 86,076,836 | $ (41,557,329) | $ 109,014,081 |

## Note 6. Contributions

The breakdown of the category of contributions for the year ended December 31, 2021, are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Development | $ - | $ 2,812,047 | $ 2,812,047 |
| Education and training | - | 213,334 | 213,334 |
| Emergency and relief | - | 35,754,242 | 35,754,242 |
| Health and nutrition | - | 306,980 | 306,980 |
| Income generation | 21,174,511 | 161,323 | 21,335,834 |
| Orphans | - | 22,496,678 | 22,496,678 |
| Udhiya/Qurbani and Feed the Needy | - | 10,763,323 | 10,763,323 |
| Zakat and Sadaqa | 26,878,827 | 13,568,909 | 40,447,736 |
| | $ 48,053,338 | $ 86,076,836 | $ 134,130,174 |

## Note 7. Retirement Plan

IRUSA has a defined contribution 401(k) retirement plan for its leased employees. All full-time leased employees who have over a year of service are eligible to participate. Each year, IRUSA matches each employee's plan contribution in an amount not exceeding 6% of that employee's annual salary. IRUSA contributed $425,740 for the year ended December 31, 2021.

## Note 8. Fair Value Measurements

IRUSA follows the Fair Value Measurement Topic of the ASC. This topic establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. The topic applies to all assets and liabilities that are being measured and reported on a fair value basis. This topic enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

The topic requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

**Level 1:** Quoted market prices in active markets for identical assets or liabilities.

**Level 2:** Observable market-based inputs or unobservable inputs corroborated by market data.

**Level 3:** Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, IRUSA performs a detailed analysis of the assets and liabilities that are subject to the topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

### Note 8. Fair Value Measurements (Continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at December 31, 2021:

| | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Common stock: | | | | |
| Technology | $ 9,155,873 | $ 9,155,873 | $ - | $ - |
| Consumer services | 4,168,262 | 4,168,262 | - | - |
| Public utilities | 3,795,580 | 3,795,580 | - | - |
| Health care | 2,197,800 | 2,197,800 | - | - |
| Real estate | 2,050,497 | 2,050,497 | - | - |
| Industrial goods | 1,624,440 | 1,624,440 | - | - |
| Advertising | 1,235,310 | 1,235,310 | - | - |
| Biotechnology | 673,470 | 673,470 | - | - |
| Financial services | 610,239 | 610,239 | - | - |
| Construction | 468,165 | 468,165 | - | - |
| Energy | 173,659 | 173,659 | - | - |
| Services | 111,929 | 111,929 | - | - |
| Communications services | 84,180 | 84,180 | - | - |
| Telecom | 52,592 | 52,592 | - | - |
| Materials | 15,213 | 15,213 | - | - |
| Bitcoin | 5,138 | 5,138 | - | - |
| Airlines | 343 | 343 | - | - |
| Total common stock | 26,422,690 | 26,422,690 | - | - |
| Mutual funds: | | | | |
| Large growth | 1,201,663 | 1,201,663 | - | - |
| Emerging market bond | 181,557 | 181,557 | - | - |
| Total mutual funds | 1,383,220 | 1,383,220 | - | - |
| Other: | | | | |
| Cash | 940,745 | 940,745 | | |
| Exchange-traded funds | 3,013 | 3,013 | - | - |
| Total other | 943,758 | 943,758 | | |
| Other investments measured at net asset value (NAV) (1) | 11,460,270 | - | - | 11,460,270 |
| | $ 40,209,938 | $ 28,749,668 | $ - | $ 11,460,270 |

(1) In accordance with ASC Topic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalents) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

### Note 8. Fair Value Measurements (Continued)

The table below reconciles total investments to the consolidated balance sheet at December 31, 2021:

| | |
|---|---|
| Investment held at fair value—Level 1 | $ 27,808,923 |
| Investments measured at NAV, equity private fund | 11,460,270 |
| | 39,269,193 |
| Investment held at cost | 940,745 |
| | $ 40,209,938 |

The following table sets forth additional disclosures of IRUSA's investments whose fair value is estimated using NAV per share (or its equivalent) at December 31, 2021:

| Strategy Category | Fair Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|---|---|---|---|---|
| Real estate (a) | $ 319,349 | $ - | Quarterly | 270 Days |
| Venture capital (b) | 3,644,394 | 1,713,508 | At dissolution | - |
| Private equity funds (c) | 7,496,527 | 1,461,654 | At dissolution | - |
| | $ 11,460,270 | $ 3,175,162 | | |

(a) This category includes investments in funds that focus on gains through investments in real assets, specifically real assets within the real estate ventures. The fair value of investments in this category has been estimated using the NAV per share of the investments.

(b) This category includes investments in funds that pursue venture and buyout strategies to generate investments returns. The fair value of investments in this category has been estimated using the NAV per share of the investments.

(c) This category includes investments in private equity funds that will seek investments in a diversified pool of underlying top-tier U.S. private equity, global private equity, ex-U.S. and global venture capital funds. The fair value of investments in this category has been estimated using the NAV per share of the investments.

### Note 9. Paycheck Protection Program Loan

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law to provide emergency assistance and health care response for individuals, families and businesses affected by the 2020 coronavirus pandemic. Under the CARES Act, certain small businesses and organizations are eligible to receive loan funds under Section 7(a) of the Small Business Act. Loans made under this section of the CARES Act, known as the Paycheck Protection Program (PPP), are forgivable to the extent certain requirements are met. The loan program is administered by the Small Business Administration (SBA).

### Note 9. Paycheck Protection Program Loan (Continued)

IRUSA and WAQF made an analysis of the adverse economic effect the pandemic would likely have on their operations and determined that they were eligible to apply for a PPP loan, submitted the required application and supporting documentation, and received PPP loan funds in the amount of $2,200,319 and $40,037 respectively, in early April 2020. Funds were forgiven in April 2021. Funds were expended consistent with the program requirements and in June 2021, IRUSA and WAQF received notification from the SBA that the loans had been forgiven in full and the lender repaid. IRUSA and WAQF recognized the revenue of $2,200,319 and $40,037 respectively in the year ended December 31, 2021.

### Note 10. Commitments and Contingencies

**Grant commitments:** IRUSA has made conditional promises (conditional grants) to various partners of $125,052,694 as of December 31, 2021. Future payments are contingent upon the implementing partners carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant or contract.

**Litigation:** From time to time, IRUSA is involved in claims and legal actions arising in the ordinary course of business. Based upon information currently available, management believes the ultimate disposition of these matters will not have a material adverse effect on the consolidated financial position, changes in net assets, or cash flows.