Islamic Relief USA and Affiliates

Consolidated Financial Report
December 31, 2016

Contents

RSM US LLP

Independent Auditor's Report

To the Board of Directors
Islamic Relief USA
Alexandria, Virginia

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Islamic Relief USA and Affiliates (IRUSA), which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively 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 the 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 from 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 IRUSA as of December 31, 2016, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited IRUSA's 2015 financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

RSM US LLP

McLean, Virginia
June 21, 2017

Islamic Relief USA and Affiliate

Consolidated Balance Sheet
December 31, 2016
(With Comparative Totals for 2015)

	2016	2015
Assets		
Cash	**$ 41,592,175**	$ 39,866,905
Investments	**1,900,486**	1,513,326
Accounts receivable	**4,965**	26,253
Prepaid expenses and other assets	**929,191**	60,250
Inventory – in-kind	**-**	11,554,168
Property and equipment, net	**3,897,023**	4,011,624
	$ 48,323,840	$ 57,032,526
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 1,245,620**	$ 944,613
Grants payable	**15,614,264**	14,789,854
Total liabilities	**16,859,884**	15,734,467
Net assets:		
Unrestricted	**14,672,211**	14,950,333
Temporarily restricted	**16,791,745**	26,347,726
	31,463,956	41,298,059
	$ 48,323,840	$ 57,032,526

See notes to consolidated financial statements.

Islamic Relief USA and Affiliate

Consolidated Statement of Activities
Year Ended December 31, 2016
(With Comparative Totals for 2015)

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
Support and revenue:				
Contributions	$ 24,008,800	$ 40,369,121	$ 64,377,921	$ 59,208,530
In-kind contributions	-	40,666,908	40,666,908	50,208,736
Net assets released from restriction	90,592,010	(90,592,010)	-	-
Total support and revenue	114,600,810	(9,555,981)	105,044,829	109,417,266
Expenses:				
Program services	100,210,331	-	100,210,331	88,799,600
Management and general	4,348,467	-	4,348,467	2,655,503
Fundraising	10,867,677	-	10,867,677	10,246,407
Total expenses	115,426,475	-	115,426,475	101,701,510
Change in net assets before other income	(825,665)	(9,555,981)	(10,381,646)	7,715,756
Other income:				
Foreign currency exchange gain	518,389	-	518,389	127,143
Unrealized gain on investments	28,552	-	28,552	2,697
Other income	602	-	602	-
Total other income	547,543	-	547,543	129,840
Change in net assets	(278,122)	(9,555,981)	(9,834,103)	7,845,596
Net assets:				
Beginning	14,950,333	26,347,726	41,298,059	33,452,463
Ending	$ 14,672,211	$ 16,791,745	$ 31,463,956	$ 41,298,059

See notes to consolidated financial statements.

Islamic Relief USA and Affiliate

Consolidated Statement of Cash Flows
Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016	2015
Cash flows from operating activities:		
Change in net assets	**$ (9,834,103)**	$ 7,845,596
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized gain on investments	**(28,552)**	(2,697)
Depreciation expense	**513,553**	373,897
Donated investments	**(358,608)**	(391,624)
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	**21,288**	(16,986)
Inventory – in-kind	**11,554,168**	(6,635,923)
Prepaid expenses and other assets	**(868,941)**	87,154
Decrease (increase) in:		
Accounts payable	**301,007**	103,869
Grants payable	**824,410**	(1,445,999)
Net cash provided by (used in) operating activities	**2,124,222**	(82,713)
Cash flows from investing activities:		
Purchase of property and equipment	**(398,952)**	(228,299)
Sales of investments	**57,592**	570,894
Purchase of investments	**(57,592)**	(570,894)
Net cash used in investing activities	**(398,952)**	(228,299)
Net increase (decrease) in cash	**1,725,270**	(311,012)
Cash:		
Beginning	**39,866,905**	40,177,917
Ending	**$ 41,592,175**	$ 39,866,905

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 and relief: The primary functions of these projects are (1) to survey and assess the needs of areas suffering from natural or man-made 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.

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, cooking oil, etc.

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 5 lbs 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.

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

Orphan assistance projects: The orphan assistance project provides 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 orphan, which may include healthcare, livelihood support, food assistance or education.

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

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.

Health and nutrition projects: These projects are designed to provide essential healthcare 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.

Domestic projects: 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 thirteenth year and has benefited thousands of Americans.

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; (17) Strengthen the means of implementation and revitalize the global partnership for sustainable development.

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 accounting: IRUSA prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Consequently, unconditional support is recognized when received, revenue is recognized when earned and expense is recognized when the obligation is incurred.

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 three classes of net assets: unrestricted, temporarily restricted and permanently restricted. At December 31, 2016, IRUSA had no permanently restricted net assets.

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

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. IRUSA maintains only equity mutual funds and common stock that are Level 1 investments. Cash held for long-term investments is reported as investments.

Receivables: Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis. The majority of IRUSA's receivables are comprised mainly of amounts billed on grants, which are billable when allowable expenditures are incurred on an approved grant. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. There was no provision for doubtful accounts at December 31, 2016.

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 three to ten 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.

Grants payable: Grants are recognized as liabilities in the year IRUSA makes the unconditional commitment and communicates it to the grantee.

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 revenue at fair value in the year a donation is received from the donor. Conditional contributions are recognized when the condition has been substantially met. Contributions with donor imposed restrictions are reported as temporarily restricted net assets. When the stipulated purpose has been met or time constraint met, the contribution is reported as net assets released from restriction. IRUSA has no permanently restricted contributions.

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.

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

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. General and administrative expenses included those expenses that are not directly identifiable with any specific functions, but provide for overall support and directions of IRUSA.

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, 2016, was $1,241,540.

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 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.

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 which 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, 2016.

Management has evaluated IRUSA's tax positions and has concluded that IRUSA has taken no uncertain tax positions that require adjustment to the 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 2013.

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, 2015, from which the summarized information was derived.

Upcoming accounting pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of nonprofit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a nonprofit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted.

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

The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management has not evaluated the impact on this ASU on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 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 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 statements of activities. The new standard is effective for fiscal years beginning after December 15, 2019, 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 financial statements, with certain practical expedients available. Management is evaluating the impact of adoption, if any, to the consolidated financial statements.

Subsequent events: IRUSA evaluated subsequent events through June 21, 2017, which is the date the consolidated financial statements were available to be issued.

Note 2. Investments

Investments at December 31, 2016, consist of the following:

Common stock	$ 1,250,113
Exchange traded funds	418,082
Cash and money market accounts	74,060
Mutual funds	158,231
	$ 1,900,486

Investment income for the year ended December 31, 2016, was $29,154.

Note 3. Property and Equipment

Property and equipment and accumulated depreciation consist of the following at December 31, 2016:

Asset Category	Estimated Lives	Cost	Accumulated Depreciation	Net
Land	-	$ 1,303,279	$ -	$ 1,303,279
Building and building improvements	3-40 years	2,870,618	(785,776)	2,084,842
Furniture and equipment	3-7 years	915,959	(407,057)	508,902
		$ 5,089,856	$ (1,192,833)	$ 3,897,023

Depreciation expense for the year ended December 31, 2016, was $513,533.

Note 4. Temporarily Restricted Net Assets

Changes in temporarily restricted net assets during 2016, consist of the following:

	Beginning Balance	Additions	Releases From Restrictions	Ending Balance
Orphans	$ 5,369,000	$ 11,954,589	$ (9,554,073)	$ 7,769,516
Zakat and Sadaqa	6,395,527	8,088,359	(10,602,152)	3,881,734
Emergency and Relief	1,915,089	12,479,329	(10,625,769)	3,768,649
Income Generation	516,311	233,658	(100,636)	649,333
Udhiya/Qurbani and Feed the Needy	100	6,152,985	(5,809,942)	343,143
Education and training	171,078	177,063	(92,479)	255,662
Health and nutrition	375,648	1,193,327	(1,507,591)	61,384
Development	50,805	89,811	(78,292)	62,324
In-kind contribution	11,554,168	40,666,908	(52,221,076)	-
	$ 26,347,726	$ 81,036,029	$ (90,592,010)	$ 16,791,745

Note 5. Contributions

The breakdown of the category of contributions for the year ended December 31, 2016, is as follows:

Zakat and Sadaqa	$ 18,050,380
Income generation	14,280,437
Emergency and relief	12,479,329
Orphan assistance	11,954,589
Udhiya/Qurbani and Feed the Needy	6,152,985
Health and nutrition	1,193,327
Education and training	177,063
Development projects	89,811
	$ 64,377,921

Note 6. Gifts-In-Kind

During 2016, IRUSA received gifts-in-kind totaling $40,666,908, which consisted of $28,655,208 in pharmaceutical products, $12,011,700 in non-pharmaceutical products. Gifts-in-kind were intended for distribution in the following locations:

	Valued Amounts (USD)
Gifts-in-kind intended country for distribution:	
Turkey/Syrian Refugees	$ 25,356,958
Burkina Faso	10,981,108
Malawi	2,108,576
Djibouti	940,033
Yemen	835,609
Mozambique	413,424
Domestic programs	31,200
	$ 40,666,908

Note 6. Gifts-In-Kind (Continued)

Gifts-in-kind revenue is recognized in circumstances in which IRUSA has sufficient discretion over the use and disposition of the items to recognize a contribution.

Types of gifts-in-kind:

Pharmaceutical products include prescription and nonprescription drugs such as general anesthetics, local anesthetics, preoperative medications, analgesics/antipyretics/anti-inflammatory/anti-rheumatic drugs, anthelminthics, antibiotics, anti-leprosy drugs, anti-malarial drugs, anti-herpes drugs, anti-migraine drugs, anti-anemia drugs (iron), anti-coagulants, anti-anginals, anti-fungal drugs, topical antibiotic creams, anti-pruritic lotions, astringents/disinfectants/antiseptics, antacids/anti-ulcer drugs, anti-hemorrhoidal drugs, oral rehydration salts, insulins and other anti-diabetic agents, water for injections and vitamins/minerals. These drugs are distributed internationally to treat various ailments that affect beneficiaries of all ages.

Non-pharmaceutical products consist of non-drug medical supplies and equipment (such as sutures, scalpels, bandages, gloves and wheelchairs), newborn supplies, hygiene kits, bedding and blankets and orphans' supplies such as children's clothing, toys and school supplies. These non- pharmaceutical products were distributed to beneficiaries (1) to the needy within the United States during Islamic Relief USA's annual Day of Dignity™, and (2) internationally to those most in need, typically in areas affected by human and natural disaster.

Valuation methodology:

Pharmaceutical products: IRUSA primarily uses exit market pricing data for pharmaceutical donations received from January 1, 2016, through December 31, 2016. In cases where no exit market data exists, a secondary valuation source is used.

Non-pharmaceutical products: The value of the non-pharmaceutical products in the amount of $12,011,700 is provided by the donor and is based on the fair market value at the time of donation.

Inventory: IRUSA reports gifts-in-kind expense when it distributes the gifts-in-kind for program use. IRUSA's policy is to distribute gifts-in-kind as promptly as possible, undistributed gifts-in-kind are recorded as inventory. For the year ended 2016, there was no inventory recorded as all shipments had been received by the designated locations prior to year-end.

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 $316,609 for the year ended December 31, 2016.

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.

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

	Total	Level 1	Level 2	Level 3
Common stock:				
Technology	$ 281,460	$ 281,460	$ -	$ -
Consumer goods	280,155	280,155	-	-
Services	202,637	202,637	-	-
Basic materials	164,075	164,075	-	-
Healthcare	145,011	145,011	-	-
Industrial goods	142,112	142,112	-	-
Financials	34,663	34,663	-	-
	1,250,113	1,250,113	-	-
Mutual funds:				
Large growth	116,958	116,958	-	-
Large blend	41,273	41,273	-	-
	158,231	158,231	-	-
Exchange traded funds	418,082	418,082	-	-
	$ 1,826,426	$ 1,826,426	$ -	$ -

RSM US LLP

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
Islamic Relief USA
Alexandria, Virginia

We have audited the consolidated financial statements of Islamic Relief USA and Affiliates (collectively, IRUSA), as of and for the year ended December 31, 2016, and have issued our report thereon, which contained an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidated schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material aspects in relation to the consolidated financial statements as a whole.

RSM US LLP

McLean, Virginia
June 21, 2017

Islamic Relief USA and Affiliate

Consolidated Schedule of Functional Expenses
Year Ended December 31, 2016

	Program Services	Management and General	Fundraising	Total
In-kind donations sent to relief sites	$ 52,221,076	$ -	$ -	$ 52,221,076
International grants	39,553,091	-	-	39,553,091
Employee leasing and related expenses	1,749,358	2,460,004	4,998,859	9,208,221
Handling and related costs	3,146,642	-	-	3,146,642
Domestic grants	2,563,964	-	-	2,563,964
Venue and catering	42,870	1,968	1,252,790	1,297,628
Advertising and marketing	7,672	1,726	1,232,142	1,241,540
Travel	387,491	140,628	630,520	1,158,639
Bank charges and credit card fees	-	1,092,615	-	1,092,615
Events and sponsorship	69,783	21,521	533,436	624,740
Equipment and location rent	5,546	216,546	197,758	419,850
Depreciation	97,159	120,292	296,102	513,553
Artist performance and honorarium	48	2,221	526,692	528,961
Printing	22,796	9,971	411,419	444,186
Postage	8,044	14,335	217,318	239,697
Telecommunications	42,837	53,036	130,551	226,424
Conference and meeting	10,023	5,023	8,494	23,540
Office expenses	26,510	28,738	56,490	111,738
Computer hardware and equipment	46,624	57,725	152,111	256,460
Tax and licenses	104,014	33,332	46,748	184,094
Professional fees	46,193	13,947	63,826	123,966
Accounting and legal fees	31,505	31,505	31,505	94,515
Insurance	15,992	19,800	48,737	84,529
Professional education and training	11,093	23,534	32,179	66,806
	$ 100,210,331	$ 4,348,467	$ 10,867,677	$ 115,426,475