

# **Islamic Relief USA and Affiliates**

Consolidated Financial Report  
December 31, 2022

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## 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, 2022, 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, 2022, 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.

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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RSM US LLP*

McLean, Virginia  
September 11, 2023

**Islamic Relief USA and Affiliates**

**Consolidated Balance Sheet  
December 31, 2022  
(With Comparative Totals for 2021)**

	2022	2021
<b>Assets</b>		
Cash	\$ 57,208,903	\$ 61,837,802
Investments	31,855,140	40,209,938
Grant advances	121,482,784	92,694,354
Prepaid expenses and other assets	1,614,834	1,121,448
Property and equipment, net	4,358,163	4,454,691
	<u>\$ 216,519,824</u>	<u>\$ 200,318,233</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,907,336	\$ 2,217,025
Grants payable	3,530,941	1,555,744
<b>Total liabilities</b>	<u>5,438,277</u>	<u>3,772,769</u>
Commitments and contingencies (Notes 7 and 8)		
Net assets:		
Without donor restrictions	82,042,037	87,531,383
With donor restrictions	129,039,510	109,014,081
	<u>211,081,547</u>	<u>196,545,464</u>
	<u>\$ 216,519,824</u>	<u>\$ 200,318,233</u>

See notes to consolidated financial statements.

## Islamic Relief USA and Affiliates

### Consolidated Statement of Activities Year Ended December 31, 2022 (With Comparative Totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contributions	\$ 51,072,774	\$ 77,417,841	\$ 128,490,615	\$ 134,130,204
Forgiveness of Paycheck Protection Program Loan	-	-	-	2,240,356
Nonfinancial asset contributions	241,821	-	241,821	257,903
Net assets released from restriction	57,392,412	(57,392,412)	-	-
<b>Total support and revenue</b>	<b>108,707,007</b>	<b>20,025,429</b>	<b>128,732,436</b>	<b>136,628,463</b>
Expenses:				
Program services	78,656,638	-	78,656,638	48,853,974
Management and general	2,790,997	-	2,790,997	2,924,722
Fundraising	22,840,612	-	22,840,612	18,465,408
<b>Total expenses</b>	<b>104,288,247</b>	<b>-</b>	<b>104,288,247</b>	<b>70,244,104</b>
<b>Change in net assets before other items</b>	<b>4,418,760</b>	<b>20,025,429</b>	<b>24,444,189</b>	<b>66,384,359</b>
Other items:				
Foreign currency exchange (loss) gain	(6,794)	-	(6,794)	(4,134)
Realized and unrealized (loss) gain on investments, net of fees	(9,937,334)	-	(9,937,334)	8,684,347
Other income	36,022	-	36,022	24,058
<b>Total other income</b>	<b>(9,908,106)</b>	<b>-</b>	<b>(9,908,106)</b>	<b>8,704,271</b>
<b>Change in net assets</b>	<b>(5,489,346)</b>	<b>20,025,429</b>	<b>14,536,083</b>	<b>75,088,630</b>
Net assets:				
Beginning	87,531,383	109,014,081	196,545,464	121,456,834
Ending	\$ 82,042,037	\$ 129,039,510	\$ 211,081,547	\$ 196,545,464

See notes to consolidated financial statements.

## Islamic Relief USA and Affiliates

### Consolidated Statement of Functional Expenses Year Ended December 31, 2022 (With Comparative Totals for 2021)

	2022											2021 Total
	Program Services							Total Program Services	Management and General	Fundraising	Total	
	Emergency Response and Preparedness	Orphan Support	Food Security and Livelihood	Health & Nutrition	Education	Water, Sanitation and Hygiene	U.S. Programs					
International grants	\$ 16,139,753	\$ 14,916,029	\$ 21,820,270	\$ 519,558	\$ 2,411,869	\$ 3,189,310	\$ -	\$ 58,996,789	\$ -	\$ -	\$ 58,996,789	\$ 34,100,933
Non-financial donations sent to relief site	-	-	-	254,722	-	-	-	254,722	-	-	254,722	283,047
Employee leasing and related expenses	1,364,566	1,261,104	1,844,837	43,927	203,916	269,646	905,069	5,893,065	1,381,010	8,287,373	15,561,448	14,611,664
Domestic grants	-	-	-	-	-	-	10,704,937	10,704,937	-	-	10,704,937	6,653,483
Advertising and marketing	9,445	8,729	12,770	304	1,411	1,867	6,265	40,791	2,458	9,516,397	9,559,646	7,261,300
Events	11,598	10,718	15,679	373	1,733	2,292	7,692	50,085	25,821	1,055,950	1,131,856	180,889
Travel	106,603	98,520	144,123	3,432	15,930	21,065	70,706	460,379	59,599	772,777	1,292,755	572,059
Convention and sponsorship	19,131	17,681	25,865	616	2,859	3,780	12,689	82,621	250	1,635,580	1,718,451	1,357,024
Bank charges and credit card fees	229,278	211,894	309,975	7,381	34,263	45,307	152,072	990,170	602,681	621,951	2,214,802	2,104,497
Business dues	50,077	46,280	67,702	1,612	7,484	9,896	33,214	216,265	96,364	135,196	447,825	547,632
Technology	73,074	67,534	98,793	2,352	10,920	14,440	48,467	315,580	186,605	175,876	678,061	695,147
Professional/consultant services	82,585	76,324	111,652	2,659	12,341	16,319	54,776	356,656	82,907	428,974	868,537	907,121
Office expenses	54,006	49,911	73,014	1,739	8,070	10,672	35,820	233,232	121,332	132,083	486,647	688,737
Professional education and training	1,911	1,766	2,583	62	286	378	1,267	8,253	124,428	12,624	145,305	67,518
Other expenses	12,294	11,362	16,621	396	1,837	2,429	8,154	53,093	107,542	65,831	226,466	213,053
	<b>\$ 18,154,321</b>	<b>\$ 16,777,852</b>	<b>\$ 24,543,884</b>	<b>\$ 839,133</b>	<b>\$ 2,712,919</b>	<b>\$ 3,587,401</b>	<b>\$ 12,041,128</b>	<b>\$ 78,656,638</b>	<b>\$ 2,790,997</b>	<b>\$ 22,840,612</b>	<b>\$ 104,288,247</b>	<b>\$ 70,244,104</b>

See notes to consolidated financial statements.

**Islamic Relief USA and Affiliates**

**Consolidated Statement of Cash Flows  
Year Ended December 31, 2022  
(With Comparative Totals for 2021)**

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 14,536,083	\$ 75,088,630
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized/unrealized loss (gain) on investments, net	10,098,129	(8,469,097)
Depreciation expense	183,242	184,047
Forgiveness of Paycheck Protection Program loan	-	(2,240,356)
Changes in assets and liabilities:		
(Increase) in:		
Grant advances	(28,788,430)	(34,982,080)
Prepaid expenses and other assets	(493,386)	(85,036)
Increase (decrease) in:		
Accounts payable	(309,689)	395,636
Grants payable	1,975,197	(1,496,203)
<b>Net cash (used in) provided by operating activities</b>	<b>(2,798,854)</b>	<b>28,395,541</b>
Cash flows from investing activities:		
Purchase of property and equipment	(86,714)	(86,129)
Sales of investments	1,497,194	7,647,846
Purchase of investments	(3,240,525)	(19,974,273)
<b>Net cash used in investing activities</b>	<b>(1,830,045)</b>	<b>(12,412,556)</b>
<b>Net (decrease) increase in cash</b>	<b>(4,628,899)</b>	<b>15,982,985</b>
Cash:		
Beginning	61,837,802	45,854,817
Ending	\$ 57,208,903	\$ 61,837,802
Supplemental schedule of noncash financing activities:		
Forgiveness of Paycheck Protection Program loan	\$ -	\$ 2,240,356

See notes to consolidated financial statements.



## Islamic Relief USA and Affiliates

### Notes to Consolidated Financial Statements

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#### 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.

**Food Security and Livelihood:** 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.

**Health and Nutrition:** 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.

## Islamic Relief USA and Affiliates

### Notes to Consolidated Financial Statements

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

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

**Water, Sanitation and Hygiene:** 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.

**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.

**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.

## Islamic Relief USA and Affiliates

### Notes to Consolidated Financial Statements

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#### 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 three 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.

**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.

## Islamic Relief USA and Affiliates

### Notes to Consolidated Financial Statements

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

**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.

**Nonfinancial asset contributions:** Contributions of nonfinancial assets, such as donated materials for use in IRUSA's operations are recorded as non-financial asset 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.

**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.

**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, 2022, was \$9,559,646.

**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.

**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, 2022.

## Islamic Relief USA and Affiliates

### Notes to Consolidated Financial Statements

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

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 2019.

**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, 2021, from which the summarized information was derived.

**Reclassification:** Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Adopted accounting pronouncement:** On September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this ASU is intended to increase the transparency of contributed nonfinancial assets, or gifts-in-kind, for not-for-profit entities through enhanced presentation and disclosure. This ASU requires that nonfinancial assets are presented as separate line items in the statements of activities and disclosures include a disaggregation of the amount contributed by category, a description of donor restrictions if any, and valuation techniques for the contributed nonfinancial assets received. The update was applied on a retrospective basis to the contributions recognized in the years ended December 31, 2022 and 2021.

**Subsequent events:** IRUSA has evaluated subsequent events through September 11, 2023, the date on which 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 IRUSA's financial assets as of December 31, 2022, 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	\$ 57,208,903
Investments	31,855,140
Grant advances	121,482,784
Accounts receivable	669,520
Total financial assets	<u>211,216,347</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>129,039,510</u>
Financial assets available to meet general expenditures over the next 12 months	<u><u>\$ 82,176,837</u></u>

## Islamic Relief USA and Affiliates

### Notes to Consolidated Financial Statements

#### Note 3. Investments

Investments at December 31, 2022, consist of the following:

Common stock	\$ 20,842,962
Exchange-traded funds	18,623
Cash and money market accounts	888,809
Mutual funds	1,399,351
Alternative investment	8,705,395
	<u>\$ 31,855,140</u>

Investment loss, net, for the year ended December 31, 2022, consists of the following:

Realized and unrealized loss on investments	\$ (10,098,129)
Investment fees	160,795
	<u>\$ (9,937,334)</u>

#### Note 4. Property and Equipment

Property and equipment and accumulated depreciation consist of the following at December 31, 2022:

Asset Category	Estimated Lives	Cost	Accumulated Depreciation	Net
Building and building improvements	3-40 years	\$ 5,233,854	\$ 1,099,703	\$ 4,134,151
Furniture and equipment	3-7 years	767,009	542,996	224,013
Vehicles	3-5 years	35,000	35,001	(1)
		<u>\$ 6,035,863</u>	<u>\$ 1,677,700</u>	<u>\$ 4,358,163</u>

Depreciation expense for the year ended December 31, 2022, was \$183,242.

#### Note 5. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during the year ended December 31, 2022, are as follows:

	Beginning Balance	Additions	Releases From Restrictions	Ending Balance
Development	\$ 5,831,109	\$ 1,409,636	\$ (168,985)	\$ 7,071,760
Education and training	524,902	240,974	(746)	765,130
Emergency and relief	43,039,315	32,279,734	(31,985,844)	43,333,205
Health and nutrition	-	170,395	(170,395)	-
Income generation	408,084	181,467	(123)	589,428
Orphans	26,669,225	22,576,978	(16,013,722)	33,232,481
Udhiya/Qurbani and Feed the Needy	338,149	8,714,448	(9,052,597)	-
Zakat and Sadaqa	32,203,297	11,844,209	-	44,047,506
	<u>\$ 109,014,081</u>	<u>\$ 77,417,841</u>	<u>\$ (57,392,412)</u>	<u>\$ 129,039,510</u>

## Islamic Relief USA and Affiliates

### Notes to Consolidated Financial Statements

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#### **Note 6. 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 \$471,322 for the year ended December 31, 2022.

#### **Note 7. 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.

## Islamic Relief USA and Affiliates

### Notes to Consolidated Financial Statements

#### Note 7. 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, 2022:

	Total	Level 1	Level 2	Level 3
Common stock:				
Advertising	\$ 965,707	\$ 965,707	\$ -	\$ -
Airlines	-	-	-	-
Biotechnology	527,122	527,122	-	-
Bitcoin	5,803	5,803	-	-
Business services	72,047	72,047	-	-
Communication services	37,262	37,262	-	-
Construction	622,670	622,670	-	-
Consumer services	2,870,788	2,870,788	-	-
Energy	1,211,990	1,211,990	-	-
Financial services	458,103	458,103	-	-
Healthcare	2,240,584	2,240,584	-	-
Industrial goods	1,253,278	1,253,278	-	-
Materials	15,510	15,510	-	-
Real estate	1,163,589	1,163,589	-	-
Technology	6,121,233	6,121,233	-	-
Telecom	61,622	61,622	-	-
Utilities	3,215,654	3,215,654	-	-
Total common stock	20,842,962	20,842,962	-	-
Mutual funds:				
Large growth	1,246,559	1,246,559	-	-
Emerging market bond	152,792	152,792	-	-
Total mutual funds	1,399,351	1,399,351	-	-
Other:				
Exchange-traded funds	18,623	18,623	-	-
Total other	18,623	18,623	-	-
Other investments measured at net asset value (NAV) (1)	8,705,395	-	-	-
Cash (at cost)	888,809	-	-	-
	\$ 31,855,140	\$ 22,260,936	\$ -	\$ -

(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.



## Islamic Relief USA and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 7. Fair Value Measurements (Continued)

Strategy Category	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate (a)	\$ 356,620	\$ -	Quarterly	270 Days
Venture capital (b)	3,437,777	850,044	At dissolution	-
Private equity funds (c)	4,910,998	1,049,435	At dissolution	-
	<u>\$ 8,705,395</u>	<u>\$ 1,899,479</u>		

- (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 8. Commitments and Contingencies

**Grant commitments:** IRUSA has made conditional promises (conditional grants) to various partners of \$112,506,152 as of December 31, 2022. 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.