

Islamic Relief USA and Affiliates

Consolidated Financial Report
December 31, 2023

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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 (IRUSA), which comprise the consolidated balance sheet as of December 31, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

McLean, Virginia
October 28, 2024

Islamic Relief USA and Affiliates

Consolidated Balance Sheet
December 31, 2023
(With Comparative Totals for 2022)

	2023	2022
Assets		
Cash	\$ 74,535,496	\$ 57,208,903
Investments	41,698,834	31,855,140
Grant advances	121,256,884	121,482,784
Prepaid expenses and other assets	1,612,509	1,614,834
Property and equipment, net	4,224,692	4,358,163
	<u>\$ 243,328,415</u>	<u>\$ 216,519,824</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,370,524	\$ 1,907,336
Grants payable	1,397,378	3,530,941
Total liabilities	<u>4,767,902</u>	<u>5,438,277</u>
Commitments and contingencies (Notes 7 and 8)		
Net assets:		
Without donor restrictions	78,403,748	82,042,037
With donor restrictions	160,156,765	129,039,510
	<u>238,560,513</u>	<u>211,081,547</u>
	<u>\$ 243,328,415</u>	<u>\$ 216,519,824</u>

See notes to consolidated financial statements.

Islamic Relief USA and Affiliates

**Consolidated Statement of Activities
Year Ended December 31, 2023
(With Comparative Totals for 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contributions	\$ 50,694,344	\$ 118,147,823	\$ 168,842,167	\$ 128,490,615
Non-financial asset contributions	1,165,129	-	1,165,129	241,821
Net assets released from restriction	87,030,568	(87,030,568)	-	-
Total support and revenue	138,890,041	31,117,255	170,007,296	128,732,436
Expenses:				
Program services	121,297,919	-	121,297,919	78,656,638
Management and general	2,889,690	-	2,889,690	2,790,997
Fundraising	26,130,043	-	26,130,043	22,840,612
Total expenses	150,317,652	-	150,317,652	104,288,247
Change in net assets before other items	(11,427,611)	31,117,255	19,689,644	24,444,189
Other items:				
Realized and unrealized gain (loss) on investments, net of fees	7,690,297	-	7,690,297	(9,937,334)
Other income	99,025	-	99,025	29,228
Total other income	7,789,322	-	7,789,322	(9,908,106)
Change in net assets	(3,638,289)	31,117,255	27,478,966	14,536,083
Net assets:				
Beginning	82,042,037	129,039,510	211,081,547	196,545,464
Ending	\$ 78,403,748	\$ 160,156,765	\$ 238,560,513	\$ 211,081,547

See notes to consolidated financial statements.

Islamic Relief USA and Affiliates

Consolidated Statement of Functional Expenses Year Ended December 31, 2023 (With Comparative Totals for 2022)

	2023											2022 Total
	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	
International grants	\$ 19,676,162	\$ 20,517,568	\$ 42,890,372	\$ 7,476,241	\$ 1,992,121	\$ 6,483,886	\$ -	\$ 99,036,350	\$ -	\$ -	\$ 99,036,350	\$ 58,996,789
Non-financial donations sent to relief sites	-	-	-	1,241,968	-	-	-	1,241,968	-	-	1,241,968	254,722
Employee leasing and related expenses	1,011,907	1,055,178	2,205,768	384,488	102,451	333,454	588,318	5,681,564	1,352,273	9,651,474	16,685,311	15,561,448
Domestic grants	-	-	-	-	-	-	13,128,581	13,128,581	-	-	13,128,581	10,704,937
Advertising and marketing	9,416	9,819	20,526	3,578	953	3,103	5,475	52,870	1,351	7,593,971	7,648,192	9,559,646
Events	10,282	10,721	22,412	3,907	1,041	3,388	5,984	57,735	2,792	2,272,229	2,332,756	1,131,856
Travel	85,869	89,541	187,178	32,627	8,694	28,296	49,924	482,129	56,452	1,104,311	1,642,892	1,292,755
Convention and sponsorship	18,751	19,553	40,874	7,125	1,898	6,179	10,902	105,282	458	2,547,891	2,653,631	1,718,451
Bank charges and credit card fees	126,855	132,279	276,520	48,200	12,843	41,802	73,753	712,252	767,431	1,360,240	2,839,923	2,214,802
Business dues	30,271	31,565	65,985	11,502	3,065	9,975	17,599	169,962	128,138	263,691	561,791	447,825
Technology	32,843	34,247	71,591	12,479	3,325	10,823	19,095	184,403	183,357	306,353	674,113	678,061
Professional/consultant services	27,773	28,961	60,541	10,553	2,812	9,152	16,147	155,939	113,950	518,891	788,780	868,537
Office expenses	38,857	40,519	84,702	14,764	3,934	12,805	22,591	218,172	94,808	409,648	722,628	486,647
Professional education and training	4,605	4,802	10,037	1,750	466	1,517	2,677	25,854	65,752	7,901	99,507	145,305
Other expenses	7,989	8,331	17,415	3,036	809	2,633	4,645	44,858	122,928	93,443	261,229	226,466
	\$ 21,081,580	\$ 21,983,084	\$ 45,953,921	\$ 9,252,218	\$ 2,134,412	\$ 6,947,013	\$ 13,945,691	\$ 121,297,919	\$ 2,889,690	\$ 26,130,043	\$ 150,317,652	\$ 104,288,247

See notes to consolidated financial statements.

Islamic Relief USA and Affiliates

Consolidated Statement of Cash Flows
Year Ended December 31, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 27,478,966	\$ 14,536,083
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized/unrealized (gain) loss on investments, net	(7,891,697)	10,098,129
Depreciation expense	202,466	183,242
Changes in assets and liabilities:		
(Increase) in:		
Grant advances	225,900	(28,788,430)
Prepaid expenses and other assets	2,325	(493,386)
Increase (decrease) in:		
Accounts payable	1,463,188	(309,689)
Grants payable	(2,133,563)	1,975,197
Net cash provided by (used in) operating activities	19,347,585	(2,798,854)
Cash flows from investing activities:		
Purchase of property and equipment	(68,995)	(86,714)
Sales of investments	3,072,779	1,497,194
Purchase of investments	(5,024,776)	(3,240,525)
Net cash used in investing activities	(2,020,992)	(1,830,045)
Net increase (decrease) in cash	17,326,593	(4,628,899)
Cash:		
Beginning	57,208,903	61,837,802
Ending	\$ 74,535,496	\$ 57,208,903

See notes to consolidated financial statements.

Islamic Relief USA and Affiliates

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.

Food Security and Livelihood: The Food Security and Livelihood Program is made up of multiple smaller projects 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

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 part of the us programs are the following projects:

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 to the above mentioned programs in the US, IRUSA also 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.

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.

Islamic Relief USA and Affiliates

Notes to Consolidated Financial Statements

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

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.

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.

Islamic Relief USA and Affiliates

Notes to Consolidated Financial Statements

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

Non-financial contributions: IRUSA receives medical and other supplies from both for-profit and nonprofit organizations to the Middle East, Africa and Asia hospitals and clinics. IRUSA policy is to utilize all the non-financial assets received during the same audit period.

Non-financial contributions revenue is recognized as revenue in circumstances where IRUSA has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with the Codification. Accordingly, the recognition of non-financial contributions revenue is limited to circumstances in which IRUSA takes constructive possession of the non-financial assets, and IRUSA is the recipient of the contribution, rather than an agent or intermediary (as defined by the Codification).

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.

Donated services: Volunteers contribute significant amounts of time to the IRUSA's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America.

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, 2023, was \$7,648,192.

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.

Islamic Relief USA and Affiliates

Notes to Consolidated Financial Statements

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, 2023.

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 2020.

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, 2022, from which the summarized information was derived.

Subsequent events: IRUSA has evaluated subsequent events through October 28, 2024, 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, 2023, 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	\$ 74,535,496
Investments	41,698,834
Grant advances	121,256,884
Accounts receivable	732,227
Total financial assets	<u>238,223,441</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>160,156,765</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 78,066,676</u>

Note 3. Investments

Investments at December 31, 2023, consist of the following:

Common stock	\$ 29,757,552
Mutual funds	2,176,788
Alternative investment	9,764,494
	<u>\$ 41,698,834</u>

Islamic Relief USA and Affiliates

Notes to Consolidated Financial Statements

Note 3. Investments (Continued)

Investment income, net, for the year ended December 31, 2023, consists of the following:

Realized and unrealized gains on investments	\$ 7,891,697
Investment fees	(201,400)
	<u>\$ 7,690,297</u>

Note 4. Property and Equipment

Property and equipment and accumulated depreciation consist of the following at December 31, 2023:

Asset Category	Estimated Lives (Years)	Cost	Accumulated Depreciation	Net
Building and building improvements	3-40	\$ 3,606,107	\$ 1,191,942	\$ 2,414,165
Furniture and equipment	3-7	828,808	646,028	182,780
Vehicles	3-5	35,000	35,000	-
Land	N/A	1,627,747	-	1,627,747
		<u>\$ 6,097,662</u>	<u>\$ 1,872,970</u>	<u>\$ 4,224,692</u>

Depreciation expense for the year ended December 31, 2023, was \$202,466.

Note 5. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during the year ended December 31, 2023, are as follows:

	Beginning Balance	Additions	Releases From Restrictions	Ending Balance
Development	\$ 7,071,760	\$ 1,273,987	\$ (3,379,469)	\$ 4,966,278
Education and training	765,130	193,644	(5,746)	953,028
Emergency and relief	43,333,205	67,144,107	(37,578,892)	72,898,420
Health and nutrition	-	122,672	(122,672)	-
Income generation	589,428	172,846	-	762,274
Orphans	33,232,481	25,104,708	(22,744,870)	35,592,319
Udhiya/Qurbani and Feed the Needy	-	8,886,669	(8,886,669)	-
Zakat and Sadaqa	44,047,506	15,249,190	(14,312,250)	44,984,446
	<u>\$ 129,039,510</u>	<u>\$ 118,147,823</u>	<u>\$ (87,030,568)</u>	<u>\$ 160,156,765</u>

Islamic Relief USA and Affiliates

Notes to Consolidated Financial Statements

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 \$572,449 for the year ended December 31, 2023.

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, 2023:

	Total	Level 1	Level 2	Level 3
Common stock:				
Advertising	\$ 1,229,174	\$ 1,229,174	\$ -	\$ -
Aerospace	505,800	505,800	-	-
Agriculture	1,486	1,486	-	-
Biotechnology	516,924	516,924	-	-
Bitcoin	31,158	31,158	-	-
Business services	94,746	94,746	-	-
Communication services	27,938	27,938	-	-
Construction	189,953	189,953	-	-
Consumer goods	2,840,118	2,840,118	-	-
Copper	215,362	215,362	-	-
Energy	3,337,843	3,337,843	-	-
Financial services	574,919	574,919	-	-
Food and beverage	72	72	-	-
Healthcare	2,605,508	2,605,508	-	-
Industrial goods	1,476,391	1,476,391	-	-
Materials	13,690	13,690	-	-
Real estate	1,990,757	1,990,757	-	-
Steel	113,126	113,126	-	-
Technology	12,356,656	12,356,656	-	-
Telecom	56,606	56,606	-	-
Utilities	1,579,325	1,579,325	-	-
Total common stock	29,757,552	29,757,552	-	-
Mutual funds:				
Large growth	2,005,870	2,005,870	-	-
Emerging market bond	170,918	170,918	-	-
Total mutual funds	2,176,788	2,176,788	-	-
Other investments measured at net asset value (NAV) (1)	9,764,494	-	-	-
	\$ 41,698,834	\$ 31,934,340	\$ -	\$ -

(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

Note 7. Fair Value Measurements (Continued)

Strategy Category	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate (a)	\$ 397,321	\$ -	Quarterly	270 Days
Venture capital (b)	2,146,918	382,403	At dissolution	-
Private equity funds (c)	7,220,255	453,522	At dissolution	-
	<u>\$ 9,764,494</u>	<u>\$ 835,925</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 \$118,221,302 as of December 31, 2023. 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.