

United Mission for Relief & Development
Financial Statements
December 31, 2020
(with comparative financial information
as of and for the year ended December 31, 2019)
with
Independent Auditor's Report

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Independent Auditor's Report

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

We have audited the accompanying financial statements of United Mission for Relief & Development (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Mission for Relief & Development as of December 31, 2020 and the change in the net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in United States of America.

Report on Summarized Comparative Information

We have previously audited United Mission for Relief & Development financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent in all material respects, with the audited financial statements from which it has been derived.

Raya CPA & Consulting Services, LLC.

Chantilly, Virginia

September 28, 2021

United Mission for Relief & Development
Statement of Financial Position
December 31, 2020
(with summarized comparative financial information as of December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	\$ 1,629,789	\$ 303,341	\$ 1,933,130	\$ 134,974
Pledges receivables	-	21,000	21,000	80,490
Due from field offices	-	26,276	26,276	8,079
Prepaid expenses	3,432	-	3,432	8,236
Total current assets	1,633,221	350,617	1,983,838	231,779
Long Term Assets				
Fixed Assets				
Property, equipment and furniture	29,560	-	29,560	29,560
Right-of-use	386,901	-	386,901	-
Accumulated depreciation	(114,238)	-	(114,238)	(17,910)
Fixed assets - net	302,223	-	302,223	11,650
Total Assets	\$ 1,935,444	\$ 350,617	\$ 2,286,061	\$ 243,429
<u>Liabilities and Net Assets</u>				
Current Liabilities				
Accounts payable	\$ 24,448	\$ 146,685	\$ 171,133	\$ 256,034
Payroll liability	38,923	-	38,923	56,991
Paycheck Protection Program Loan	166,200	-	166,200	-
Total current liabilities	229,571	146,685	376,256	313,025
Long Term Liabilities				
Lease liability	297,451	-	297,451	-
Total current liabilities	297,451	-	297,451	-
Net Assets	1,408,422	203,932	1,612,354	(69,596)
Total Liabilities and Net Assets	\$ 1,935,444	\$ 350,617	\$ 2,286,061	\$ 243,429

The accompanying notes are an integral part of these financial statements

United Mission for Relief & Development

Statement of Activities

Year Ended December 31, 2020

(with summarized comparative financial information for the year ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Donations and Support				
Contributions	\$ 2,451,462	\$ 4,364,999	\$ 6,816,461	\$ 4,557,310
In-kind donations	-	34,039,907	34,039,907	13,187,183
Net assets released from restrictions	38,014,817	(38,014,817)	-	-
Total donations and support	40,466,279	390,089	40,856,368	17,744,493
Total expenses	39,174,418	-	39,174,418	19,545,837
Change in net assets	1,291,861	390,089	1,681,950	(1,801,344)
Net assets, beginning of the year	116,561	(186,157)	(69,596)	1,731,748
Net assets, end of the year	\$ 1,408,422	\$ 203,932	\$ 1,612,354	\$ (69,596)

The accompanying notes are an integral part of these financial statements

United Mission for Relief & Development
 Statements of Cash Flow
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ 1,681,950	\$ (1,801,344)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	93,427	7,022
Gain on fixed asset sale	-	(3,900)
Decrease in pledge receivable	59,490	922,661
(Decrease) increase in field offices	(18,197)	4,155
Decrease (increase) in prepaid expenses	4,804	(6,159)
Decrease in accounts payable	(84,901)	(27,594)
(Decrease) Increase in payroll liabilities	(18,067)	3,331
Net cash provided (used in) by operating activities	1,718,506	(901,828)
Investing Activities		
Proceed of fixed asset sale	-	9,873
Net cash provided by investing activities	-	9,873
Financing Activities		
Right-of-use asset liability	300,351	-
Increase in right-of-use asset	(386,901)	-
Paycheck protection plan loan	166,200	-
Net cash provided by investing activities	79,650	-
Net increase (decrease) in cash for the year	1,798,156	(891,955)
Cash at the beginning of the year	134,974	1,026,929
Cash at the end of the year	<u>\$ 1,933,130</u>	<u>\$ 134,974</u>

The accompanying notes are an integral part of these financial statements

United Mission for Relief & Development

Statement of Functional Expenses

Year Ended December 31, 2020

(with summarized comparative financial information for the year ended December 31, 2019)

	2020				2019
	Program Services	Supporting Services		Total	
		Management & General	Fundraising		
In-kind donations	\$ 34,039,907	\$ -	\$ -	\$ 34,039,907	\$ 13,187,183
Donations	2,744,673	-	-	2,744,673	3,195,829
Salaries and benefits	826,518	359,555	-	1,186,073	1,706,054
Travel	43,081	26,050	35,704	104,835	230,049
Contractors and sponsorship	28,668	5,192	150,016	183,876	465,489
Printing and office supplies	133,195	42,603	13,019	188,817	173,007
Mailing and promotion	128,412	93,485	177,386	399,283	143,507
Conferences	-	152	3,628	3,780	22,233
Telecommunications	9,815	6,371	378	16,564	17,481
Rent	25,531	45,380	14,944	85,855	188,463
Equipment	-	-	-	-	7,626
Bank charges	13,679	34,045	-	47,724	102,482
Depreciation and amortization	1,346	92,081	-	93,427	7,022
Licenses and dues	946	14,468	-	15,414	14,768
Insurance	2,828	-	-	2,828	5,592
Professional services	16,218	19,554	25,590	61,362	79,052
Total	\$ 38,014,817	\$ 738,936	\$ 420,665	\$ 39,174,418	\$ 19,545,837

The accompanying notes are an integral part of these financial statements

1. Organization's Background

United Mission for Relief & Development (UMR) is an exempt (501) (c) (3) non-for-profit organization established in July 2010. The organization responds to the emergency situation arising from natural disaster and conflicts across the world by providing health services, economic empowerment, education, rehabilitation, clean water and food security. In 2020, the organization continued the implementation of its strategy to focus on development projects, parallel to the relief efforts, mainly in Eastern Africa and Middle East & North Africa (MENA) regions. The programs are in the areas of child and orphan's protection, women economic empowerment with its signature project (Jasmine), and the adopt village initiative (AVP). The main source of its revenues IS driven from donations and fundraising.

2. Summary of Significant Accounting Policies

- Basis of accounting

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

- Basis of presentation

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

- Adoption of new pronouncements

In February 2016, FASB released ASU 2016-02, *Leases (ASC 842)*. Under ASU 2016-02, lessees will be required to bring substantially all leases onto their balance sheets by recording a right-of-use asset and lease liability. Expense will be recognized on a straight-line basis for an operating lease. Recognition of expense for a finance lease will be similar to the current treatment of capital leases. UMR has adopted the new lease requirement for the year ended December 31, 2020.

- Use of an estimate

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

- Cash and financial risk

Cash and cash equivalents include cash on hand and checking accounts held with banks. The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits of \$250,000. As of December 31, 2020, and 2019, the uninsured balance was \$1,933,130 and \$134,974, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on cash.

- **Other current assets**
Other current assets consist of prepaid expenses and transfers to foreign field offices' bank accounts. Expenses are recognized in the year to which they relate.
- **Fixed assets**
Property and equipment purchases are recorded at cost and, if donated, at fair value. The depreciation is computed on the straight-line basis over 7 years. During 2019, one of the field offices sold a vehicle for \$9,873. The vehicle had a net book value of \$5,973 before the sale and recognized a gain of sale of \$3,900. UMR recognized depreciation expense of 3,976 and \$7,022 for the year ended December 31, 2020 and 2019, respectively.
- **In-kind donations**
UMR receives substantial support from in-kind donations. The primarily source of the donations come from its pharmaceutical partner suppliers to accomplish the organization's purpose. In recording contributions of pharmaceuticals, UMR relies upon a third-party independent appraiser to ensure independent valuation. Both branded and generic pharmaceuticals are recorded using the method of evaluation known as the Sales Comparison Approach for goods commonly sold in the marketplace. The market used in this evaluation is based on the Wholesale Acquisition Cost (WAC) in the United States.

In 2020 and 2019, the organization provided in-kind pharmaceutical donation to the following countries:

	2020	2019
Sudan	\$ 13,239,164	\$ 2,603,300
Yemen	9,710,759	4,420,643
Lebanon	6,355,042	-
Palestine	3,821,650	1,708,289
USA	913,292	278,362
Kenya	-	2,642,125
Zimbabwe	-	435,652
South Africa	-	400,000
Jordan (including Syrian Refugees)	-	361,382
Somalia	-	337,430
Total	\$ 34,039,907	\$ 13,187,183

- **Cash donations**

UMR has directly donated cash to programs activities in various countries worldwide to cover various humanitarian and development needs in food security, COVID-19 emergency response, health, education, women empowerment, child protection and clean water. These programs are directly implemented by organization or in collaboration with local Community Based Organizations (CBO). The organization provided the cash donations listed below during the years ended December 31, 2020 and 2019:

	2020	2019
Kenya (including Somali Refugees)	\$ 642,697	\$ 398,083
USA	428,535	227,492
Yemen	401,194	586,144
Lebanon (Syrian and Palestenian refugees)	501,330	26,068
Jordan (Syrian & Palestinian Refugees)	438,329	1,190,355
Bangladesh and Rohingya Refugees	125,300	174,727
Palestine	173,580	166,917
Sudan	-	67,500
Pakistan	33,708	27,528
Somalia	-	116,333
Ethiopia	-	148,417
India	-	30,040
Bosnia	-	11,500
Iraq	-	24,725
Total	\$ 2,744,673	\$ 3,195,829

- **Revenue recognition**

UMR recognizes contributions without donor restrictions as revenue in the period received or when the unconditional promise to give is made. UMR reports contributions with donor restrictions as restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

- **Contribution receivable**

The unconditional promise to give is recorded in the statement of financial position as pledge receivables. As of December 31, 2020, and 2019, the organization had a balance of \$21,000 and \$80,490, respectively of pledge receivable that is expected to be collected within 12-month period. The organization has not recorded an allowance for doubtful amount as all pledges are considered collectible.

- **Lease**

In the beginning of 2020, UMR adopted FASB ASU 2016-02 Leases standards in recognition of the Right-of-use asset of the space leased as opposed to previously recorded as straight expense. Each lease payment is allocated between the liability and finance cost. The finance cost is charges to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset are depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Below is the future lease liability maturities as of December 31, 2020:

Less than 6 months	\$ 61,214
Between 6 months and one year	62,849
Between 1 and 2 years	129,030
Between 2 and 3 years	88,284
Total	<u>\$ 341,377</u>

- **Accounting for Finance and Operating Leases**

Accounting for finance leases is generally consistent with the current guidance for capital leases. UMR’s balance sheet shows a right-of-use asset and a lease liability initially recorded at the present value of the lease payments (plus other payments, including variable lease payments and “amounts probable of being owed by UMR under residual value guarantees”).

As the current operating lease is a term greater than 12 months, UMR shows a right-of-use asset and a lease liability on its balance sheets, initially recorded at the present value of UMR’s payments for the remaining period of the lease calculated the same way as required for finance leases. On its statement of functional expenses, UMR does not record interest expense and amortization expense for the right-of-use asset separately. Rather, it recognizes a single lease expense (which includes both interest and amortization) allocated over the lease term on a straight-line basis (other rational and systematic basis might be considered in the future if more representative of benefits received from the leased asset).

- **Paycheck Protection Program Loan**

On May 29, 2020, the Company received loan proceeds in the amount of \$166,200 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Company to be ineligible for forgiveness of the loan, in whole or in part.

On August 30, 2021, the Small Business Administration granted the forgiveness of the loan. The loan will be recognized as other income in 2021.

- **Transactions in foreign currencies**

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

- **Foreign operations**

UMR continued supporting and strengthening its regional field offices, in Jordan and Kenya by expanding its field programs, to serve Syrian refugees, Palestinian refugees and Yemeni underserved population, including internally displaced people “IDP”, as well as conducting development and relief work with Somali refugees, Sudanese and Kenyan locals, and in parts of Africa through its Kenya office.

In the MENA region, in response to the Beirut tragic port blast which occurred in August 2020, UMR carried out a large rehabilitation project that focused on renovating homes, apartments and small shops of people who could not afford these sorts of costs, especially items like window panes that are necessary for protection in the winter season. The blast left severe damages, and hundreds of severely wounded people, and considering the shortage in medical supplies, UMR supported a number of hospitals surrounding the affected area with emergency health kits. Additionally, UMR sent containers of medical equipment and supplies, including medical beds, in an effort to elevate the capacity of these hospitals to respond to those affected by the blast.

UMR has distributed large quantities of food supplies targeting the area which is living under extreme poverty conditions, as well as to the people most impacted by the blast of the Port of Beirut.

In Yemen, UMR continued carrying out food security projects, focusing on villages of Hodaida, and IDPs in Aden. Additionally, in partnership with the Ministry of Health in Aden, UMR supplied hospitals with critical needs to assist in expanding the capacity of the hospitals in response to the COVID-19 outbreak. UMR also partnered with a key hospital in Aden, Sadaqa Hospital, which has one of the largest children division in Yemen. The partnership aims to support the hospital by providing necessary nutrition needs for the children. Additionally, there will be ongoing work with supplying the hospital with critical needs from medical supplies and equipment.

The food security and health projects through our in-kind program continued to expand in Lebanon, Jordan, Yemen, Palestine and other MENA countries in an effort to respond to COVID-19 relief programs. That is in addition to the ongoing secondary care program by implementing cataract surgeries and hearing aid, which we hope to give the beneficiaries an opportunity to be able to get jobs or start their business.

In 2020, UMR expanded its Jasmine project to reach Egypt, an initiative that started in late 2018 in Jordan. The project aims to train refugees ladies, mainly house-hold, as well as ladies from the host countries, on creating products and help marketing these products to generate income for them to help them support their families and become entrepreneurs.

In East Africa region, UMR started the AVP phase I project, one of its main signature projects, Adopt a Village initiative, in Wajir County – Kenya. The initiative will tackle health and education components through renovating school, clean water, clinic, renovating the main school that serves the surrounding villages (Elmi School), furnishing the school’s classes, connecting power, and other components to serve a

population of approximately 930,400 in 4 villages surrounding the school area. UMR has partnered with the community leaders, as well as civil society and the officials, in an effort to make sure all these components are maintained for sustainability purposes.

In the health sector, UMR continued its secondary care program by carrying out hearing aid and cataract surgeries in partnership with the local doctors and local hospitals, to hundreds of patients who could not otherwise afford the surgery or the devices. The goal is to help the beneficiaries by giving the opportunity for them to get jobs and start their own businesses.

In education, the organization started the planning and the design for the iFuture project, which will be focusing mainly on the students of the villages where we work in Kenya, in Wajir and Garissa counties. The program will have various components such as skills enhancement in IT and math subjects, to help enhance their competitiveness abilities in the future.

UMR continued its health and food security projects in other regions, such as SE Asia. UMR continues to respond to the Rohingya crisis, in Cox's Bazar refugees camp in Bangladesh, by establishing mobile clinics in partnership with IMANA, to serve the Rohingya refugees in one of the largest refugees' camps in the world. Additionally, UMR continued its food security program in the camp by serving hundreds of families with the necessary food security needs.

In 2020, UMR continued its health and food security services through its newly established offices in Sudan and Somalia, where the long-term will be on the impacted health sector, adopting hospitals, and environment related projects. The future of these offices, however, may be adversely affected by a number of potential factors, such as changes in the political climate.

- **Functional allocation of expenses**

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

- **Tax Exempt Status**

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

- **Risks and Uncertainty**

On March 11, 2020, the World Health Organization characterized an outbreak of novel strain of coronavirus ("COVID-19") as a pandemic and on March 13, 2020, the United States declared a national emergency. As a result, the current economic environment has presented companies and organizations with unprecedented circumstances and challenges. Potential impacts to the Organization include disruptions and restrictions on the ability of employees to work, as well as travel and other restrictions imposed by governments. COVID-19 is also expected to adversely affect economies and financial markets in the United States and throughout the world. The extent of the impact on the Organization's financial position, operating results and cash flows will depend on future developments, including the duration and spread of the outbreak, which are highly uncertain and cannot be predicted.

- **Subsequent Events**

The management has evaluated the subsequent events in consideration of the financials through September 28, 2021, the date the financial statements were available to be issued. The Organization has no material recognizable subsequent events.