



AMAANAH REFUGEE SERVICES

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

AND

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Amaanah Refugee Services

We have reviewed the accompanying financial statements of Amaanah Refugee Services (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—cash basis as of December 31, 2022 and 2021, and the related statements of revenues, expenses, and other changes in net assets—cash basis, and statements of functional expenses – cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

HRSS LLP

Houston, Texas
October 16, 2023

AMAANAH REFUGEE SERVICES

Statements of Assets, Liabilities and Net Assets - Cash Basis

	December 31,	
	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 814,488	489,892
Investments	208,480	115,090
Total current assets	1,022,968	604,982
Total assets	<u>\$ 1,022,968</u>	<u>\$ 604,982</u>
Liabilities and Net Assets		
Net assets		
Without donor restrictions	\$ 894,373	\$ 472,827
With donor restrictions	128,595	132,155
Total net assets	1,022,968	604,982
Total liabilities and net assets	<u>\$ 1,022,968</u>	<u>\$ 604,982</u>

See independent accountants' review report and accompanying notes to financial statements

AMAANAH REFUGEE SERVICES

Statements of Revenue, Expenses and Other Changes in Net Assets - Cash Basis

For the Years Ended December 31, 2022 and 2021

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	2022	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	2021
Public Support and Revenue						
Contributions						
Cash and other financial assets						
Contributions	\$ 493,609	\$ -	\$ 493,609	\$ 451,414	\$ -	\$ 451,414
Program income	1,242,632	319,212	1,561,844	5,076	405,172	410,248
Support services	148,000	128,524	276,524	13,405	154,316	167,721
Other revenue						
Dividend income	6,061	-	6,061	2,811	-	2,811
Unrealized gain (loss) on investments	(22,391)	-	(22,391)	6,285	-	6,285
Gain on extinguishment of loan	-	-	-	35,849	-	35,849
Total public support and revenue	1,867,911	447,736	2,315,647	514,840	559,488	1,074,328
Net assets released from restrictions	451,296	(451,296)	-	606,706	(606,706)	-
Total	2,319,207	(3,560)	2,315,647	1,121,546	(47,218)	1,074,328
Expenses						
Program expenses						
Woman's empowerment program	395,999	-	395,999	334,102	-	334,102
Youth education services	1,286,624	-	1,286,624	438,506	-	438,506
Scholarship program	15,932	-	15,932	-	-	-
Total program expenses	1,698,555	-	1,698,555	772,608	-	772,608
Management and general expenses	177,613	-	177,613	125,917	-	125,917
Fundraising	21,493	-	21,493	7,125	-	7,125
Total expenses	1,897,661	-	1,897,661	905,650	-	905,650
Changes in net assets	421,546	(3,560)	417,986	215,896	(47,218)	168,678
Net assets, December 31, 2021	472,827	132,155	604,982	256,931	179,373	436,304
Net assets, December 31, 2022	<u>\$ 894,373</u>	<u>\$ 128,595</u>	<u>\$ 1,022,968</u>	<u>\$ 472,827</u>	<u>\$ 132,155</u>	<u>\$ 604,982</u>

See independent accountants' review report and accompanying notes to financial statements

AMAANAH REFUGEE SERVICES

Statement of Functional Expenses - Cash Basis

For the Year Ended December 31, 2022

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		<u>Total</u>
	<u>Women Empowerment Program</u>	<u>Youth Educational Services</u>	<u>Scholarship Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries and wages	\$ 116,010	\$ 44,915	\$ -	\$ 35,548	\$ 18,891	\$ 215,364
Contract wages	-	962,464	-	-	-	962,464
Program assistance	172,350	243,468	15,932	-	-	431,750
Relief program	99,701	-	-	-	-	99,701
Marketing and advertising	-	-	-	50,720	2,602	53,322
Professional fees	-	-	-	27,071	-	27,071
Payroll taxes	7,938	10,179	-	7,615	-	25,732
Payroll processing	-	-	-	29,353	-	29,353
Supplies	-	24,405	-	1,942	-	26,347
Dues and subscriptions	-	-	-	3,113	-	3,113
Insurance	-	1,036	-	1,199	-	2,235
Rent	-	-	-	4,014	-	4,014
Telephone and internet	-	-	-	1,598	-	1,598
Travel and meeting	-	157	-	7,266	-	7,423
Meals and entertainment	-	-	-	4,942	-	4,942
IT software	-	-	-	1,663	-	1,663
Training and development	-	-	-	1,540	-	1,540
Other expense	-	-	-	29	-	29
Total expenses	<u>\$ 395,999</u>	<u>\$ 1,286,624</u>	<u>\$ 15,932</u>	<u>\$ 177,613</u>	<u>\$ 21,493</u>	<u>\$ 1,897,661</u>

See independent accountants' review report and accompanying notes to financial statements

AMAANAH REFUGEE SERVICES
Schedule of Functional Expenses - Cash Basis
For the Year Ended December 31, 2021

	<u>PROGRAM SERVICES</u>		<u>SUPPORT SERVICES</u>		<u>Total</u>
	<u>Women Empowerment Program</u>	<u>Youth Educational Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries and wages	\$ 51,021	\$ 133,928	\$ 3,405	\$ 5,659	\$ 194,013
Contract wages	-	212,838	-	-	212,838
Program assistance	118,551	61,085	-	-	179,636
Relief program	161,709	-	-	-	161,709
Marketing and advertising	-	-	34,844	-	34,844
Professional fees	-	-	47,200	-	47,200
Payroll taxes	2,821	10,407	3,027	331	16,586
Payroll processing	-	-	15,935	-	15,935
Supplies	-	10,418	3,587	-	14,005
Dues and subscriptions	-	-	7,686	-	7,686
Insurance	-	2,996	898	-	3,894
Rent	-	-	3,245	-	3,245
Telephone and internet	-	-	2,012	-	2,012
Travel and meeting	-	168	1,951	-	2,119
Meals and entertainment	-	-	1,313	-	1,313
Printing	-	1,300	-	-	1,300
Training and development	-	-	408	-	408
Other expense	-	5,366	406	1,135	6,907
Total expenses	<u>\$ 334,102</u>	<u>\$ 438,506</u>	<u>\$ 125,917</u>	<u>\$ 7,125</u>	<u>\$ 905,650</u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Al Amaanah, Inc., was incorporated in the State of Texas as a non-profit corporation on June 18, 2008, but on February 23, 2012, it changed its name to Amaanah Refugee Services (“Organization” or “Amaanah”). Amaanah operates as a charitable and educational organization and is dedicated to empowering refugee women and youth to acclimate to their new home in Houston. Amaanah continues to support newly arrived immigrant and refugee youth through various programs. Amaanah is supported primarily through contributions from the Islamic community at large. The Organization is managed by a board of directors consisting of six elected members from the community. Amaanah supports the community through the following programs:

Woman’s Empowerment Program – This program helps female immigrants and refugees settle in a new country by connecting them with local women who speak their language. Each participant is paired with a Houstonian for weekly meetings, guiding them toward resources and opportunities.

Youth Educational Services

TEACH 360 Program - The Organization, through its TEACH 360 program, offers tutoring and mentoring services to refugee students inside Houston public schools. In addition, through partnerships with families, communities and schools, the Organization is working in other ways to help bridge learning gaps outside the classroom.

Lions Program – Amaanah Lions is a soccer program for refugee youth in Houston, providing support and mentoring to players with education, relief, and empowerment.

Scholarship Program – The scholarship program helps young refugees achieve their dream of attending college. The Organization, in partnership with donors, awards scholarships to deserving candidates from refugee and recent immigrant communities.

Method of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis differs from generally accepted accounting principles primarily because certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred, except for investments which are valued at fair value.

Use of Estimates

The financial statements of the Organization have been prepared on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles and requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions, even though their use may be limited in other ways, such as through contracts or by board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions, which can be either temporary, such as those that will be met by the passage of time or by use for a purpose specified by the donor, or perpetual, where the donor stipulates that the resources must be maintained indefinitely. Net assets are released from restrictions when the stipulated time has elapsed, the specified purpose has been fulfilled, or both conditions have been met.

The total net assets of the Organization as of December 31, 2022, and 2021, were \$1,022,968 and \$604,982 respectively.

Public Support and Revenue Recognition

All contributions are recognized at fair value for unrestricted use when received, unless specifically restricted by the donor. Funds are also donated for specific purposes, such as program income or support services. Accordingly, funds classified as net assets with donor restrictions are restricted until the purpose is accomplished. Upon satisfaction of the purpose, the designated funds are reclassified as net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of revenue, expenses, and other changes in net assets on a cash basis. The statement of functional expenses presents the detailed natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from them.

Adoption of New Accounting Standards

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The presentation and disclosure of contributed nonfinancial assets have been enhanced in accordance with the standard. The adoption of the standard did not change the recognition and measurement requirements for contributed nonfinancial assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Standards (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires the identification of arrangements that should be accounted for as leases by lessees. In general, for operating or financing lease arrangements exceeding a twelve-month term, a right-of-use asset and a lease obligation will be recognized on the statement of assets, liabilities, and net assets of the lessee while the statement of revenue, expenses and other changes in net assets will reflect lease expense for operating leases and amortization/interest expense for financing leases. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Organization adopted the new accounting standard on January 1, 2022. The adoption of this guidance did not have an impact on the financial statements of the Organization as of the adoption date or for the years ended December 31, 2022, and 2021.

Fair Value Measurements

Amaanah follows the Fair Value Measurement framework that establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

The following is a description of the valuation methodologies used for assets measured at fair value.

Money market: Interest bearing account that pays higher interest rate than a savings account.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Net Assets Reclassifications

The Organization has made certain reclassifications in the 2021 statement of revenue, expenses, and other changes in net assets. These reclassifications have no impact on the 2021 total revenue, expenses, and changes in net assets.

Federal Income Tax Status

Amaanah is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal income taxes.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization maintains its cash primarily in financial institutions that it considers to be of high quality. At times, certain balances in these financial institutions are in excess of federally insured limits. The possibility of loss exists if a financial institution holding excess cash deposits was to fail.

AMAANAH REFUGEE SERVICES
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - DONATED SERVICES AND CONTRIBUTIONS OF NONFINANCIAL ASSETS

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide a variety of tasks to support the Organization’s programs, fundraising and special projects that are not recognized as contributions in the statements of revenue, expenses, and other changes in net assets since the recognition criteria were not met. Contributions of nonfinancial assets are recorded at fair value at the date of donation.

NOTE 3 – INVESTMENTS

Investments consist of cash and cash equivalents without donor restrictions to financially support the refugees. These internally designated investments are held in an Ameritrade mutual funds, stocks, and deposits accounts. Investment assets are carried at fair market value. Income received from these investments is recognized as investment income. As of December 31, 2022, and 2021, total investment equaled \$208,480 and \$115,090 respectively.

The following table sets forth by level, within the fair value hierarchy the balance as of December 31, 2022, and 2021. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

	Asset at Fair Value as of December 31, 2022			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Money market	\$ 12,883	\$ -	\$ -	\$ 12,883
Mutual funds	192,800	-	-	192,800
Stocks	2,797	-	-	2,797
Investments at fair value	<u>\$ 208,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,480</u>

	Asset at Fair Value as of December 31, 2021			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Money market	\$ 1,230	\$ -	\$ -	\$ 1,230
Mutual funds	111,646	-	-	111,646
Stocks	2,214	-	-	2,214
Investments at fair value	<u>\$ 115,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,090</u>

AMAANAH REFUGEE SERVICES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise of the following:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 814,488	\$ 489,892
Investments	<u>208,480</u>	<u>115,090</u>
Total financial assets	1,022,968	604,982
Donor-imposed restrictions		
Program and support services	<u>(128,595)</u>	<u>(132,155)</u>
Net financial assets after donor-imposed restrictions	894,373	472,827
Internal designations	(208,480)	(115,090)
Total financial assets available for general expenditure	<u><u>\$ 685,893</u></u>	<u><u>\$ 357,737</u></u>

NOTE 5 – CONTRIBUTIONS

Contributions of cash and other financial assets were recognized from the following sources:

	<u>2022</u>	<u>2021</u>
Houston Independent School District	\$ 1,220,032	\$ -
Other sources	1,095,615	1,074,327
Total contribution of cash and other financial assets	<u><u>\$ 2,315,647</u></u>	<u><u>\$ 1,074,327</u></u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2022, and 2021, the total net assets with donor restrictions for specific programs, including the women empowerment program, youth education services, and the scholarship program were \$128,595 and \$132,155, respectively.

AMAANAH REFUGEE SERVICES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 16, 2023, which is the date these financial statements were available for issuance. There were no subsequent events requiring recognition or disclosure in its statements as of and for the year ended December 31, 2022.