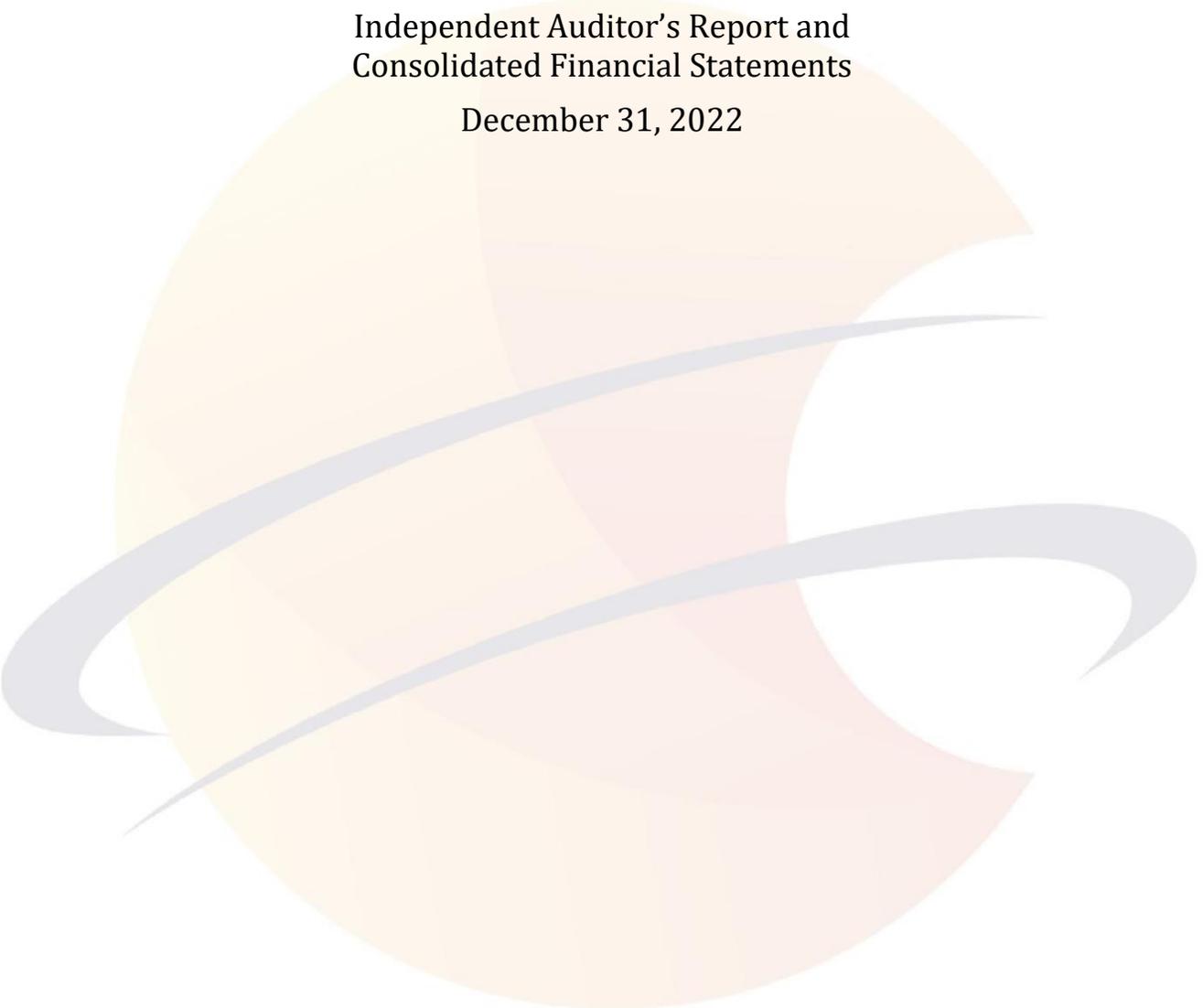


**Rahma Worldwide Aid and Development  
and Subsidiary**

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Independent Auditor's Report and  
Consolidated Financial Statements

December 31, 2022





## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rahma Worldwide Aid and Development  
and Subsidiary

### Opinion

We have audited the accompanying consolidated financial statements of Rahma Worldwide Aid and Development, Inc (a nonprofit organization) and Rahma Worldwide LLC (a wholly owned property management company), collectively the Organization, which comprise the statements of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rahma Worldwide Aid and Development, Inc and its subsidiary as of December 31, 2022, and the changes in its net assets and its 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. 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 the Organization 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 Rahma Worldwide Aid and Development's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors  
of Rahma Worldwide Aid and Development  
and Subsidiary

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### **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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Organization’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 the Organization’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.

*CMA Group, LLC*  
Overland Park, Kansas  
August 17, 2023

**Rahma Worldwide Aid and Development and Subsidiary**  
 Consolidated Statement of Financial Position  
 December 31, 2022

**Assets**

**Current Assets**

Cash and Equivalents	\$1,671,047
Grant Receivable	42,571
Accounts Receivable	3,120
Other Receivable	4,878
Prepaid Expenses	4,105
Investment	200,000
<b>Total Current Assets</b>	<b><u>1,925,721</u></b>

**Fixed Assets**

Land	600,000
Building	2,428,291
House in Detroit	57,963
Furniture, Equipment & Fixture	75,045
Vehicles	65,960
Building Improvements	37,853
Less Accumulated Depreciation	(184,498)
<b>Total Fixed Assets</b>	<b><u>3,080,614</u></b>

<b>Total Assets</b>	<b><u><u>\$5,006,335</u></u></b>
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**Liabilities and Net Assets**

**Liabilities**

**Current Liabilities**

Accounts Payable	\$ 43,575
Payroll Liabilities	19,069
Land Contract - Current Portion	150,000
<b>Total Current Liabilities</b>	<b><u>212,644</u></b>

**Long Term Liabilities**

SBAD Loan	147,436
Land Contract - Long-term portion	2,267,602
<b>Total Long Term Liabilities</b>	<b><u>2,415,038</u></b>
<b>Total Liabilities</b>	<b><u>2,627,682</u></b>

**Net Assets**

Net Assets without Donor Restrictions	<b><u>2,378,653</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$5,006,335</u></u></b>

# Rahma Worldwide Aid and Development and Subsidiary

Consolidated Statement of Activities  
For the Year Ended December 31, 2022

	<b>Without Donor Restriction</b>
<b>Direct Public Support</b>	
Individual and business Contributions	\$ 3,509,012
Corporate Contributions	2,607,179
Fundraising	1,269,566
PayPal Donations	214,362
Grant Revenue	159,369
In-kind Donations	5,068,464
Rental Income	180,710
Investment Income	9,750
<b>Total Support and Other Contributions</b>	<b>13,018,412</b>
<b>Expenses</b>	
Program Services	10,491,596
Supporting Services:	
Administrative and General	1,446,859
Fundraising	700,972
<b>Total Expenses</b>	<b>12,639,427</b>
<b>Increase in Net Assets without Donor Restrictions</b>	<b>378,985</b>
<b>Net Assets at the beginning of the year</b>	<b>2,110,932</b>
<b>Distribution of Rahma LLC profit</b>	<b>(111,264)</b>
<b>Net Assets at the End of the year</b>	<b>\$ 2,378,653</b>

**Rahma Worldwide Aid and Development and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**

	<b>Supporting Services</b>			<b>Total Support</b>	<b>Total Expenses</b>
	<b>Program Services</b>	<b>Administrative &amp; General</b>	<b>Fundraising</b>		
Accounting fees	\$ -	\$22,185	\$ -	\$ 22,185	\$ 22,185
Advertising and promotions	-	-	25,004	25,004	25,004
Auto expense	-	-	19,727	19,727	19,727
Bank service charges	-	6,107	-	6,107	6,107
Conference events & sponsorship	-	-	575,491	575,491	575,491
Depreciation	-	83,072	-	83,072	83,072
DHHS covid grant program	84,952	-	-	-	84,952
Dues and subscriptions	-	16,299	338	16,637	16,637
Education and training	203,690	-	-	-	203,690
Emergency shelter and nonfood items	459,396	-	-	-	459,396
Food security & nutrition	1,095,807	-	-	-	1,095,807
Foreign office expenses	996,399	-	-	-	996,399
Fundraising fees	-	-	28,046	28,046	28,046
Grants Salaries	-	25,023	-	25,023	25,023
Health and medical program	4,994,669	-	-	-	4,994,669
Insurance and health	-	20,212	-	20,212	20,212
Interest expense	-	109,746	-	109,746	109,746
Legal consulting & Professional	-	12,000	-	12,000	12,000
Logistics	189,224	-	-	-	189,224
Meals	-	-	1,717	1,717	1,717
Mental health program	28,637	-	-	-	28,637
Office supplies and expenses	-	21,052	-	21,052	21,052
Orphan sponsorship program	480,105	-	-	-	480,105
Outside contract services	95,269	183,429	-	183,429	278,698
PayPal fees	-	4,703	-	4,703	4,703
Payroll taxes	-	49,746	-	49,746	49,746
Property Taxes	-	26,411	-	26,411	26,411
Protection	933,213	-	-	-	933,213
Ramadan Project	579,151	-	-	-	579,151
Parking	-	12,942	-	12,942	12,942
Repairs and maintenance	-	25,194	-	25,194	25,194
Salaries and wages	-	729,466	-	729,466	729,466
Shipping & postage services	-	3,323	-	3,323	3,323
Travel and lodging	33,069	-	50,649	50,649	83,718
Udhiya Project	170,440	-	-	-	170,440
Utilities, Rent, & Lease	-	95,949	-	95,949	95,949
Water sanitation and hygiene	82,708	-	-	-	82,708
Water well	64,867	-	-	-	64,867
<b>Total Expenses</b>	<b>\$10,491,596</b>	<b>\$1,446,859</b>	<b>\$700,972</b>	<b>\$2,147,831</b>	<b>\$12,639,427</b>

# Rahma Worldwide Aid and Development and Subsidiary

## Consolidated Statement of Cash Flows For the Year Ended December 31, 2022

### CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets without donor restrictions	\$ 378,985
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and Amortization	83,073
Prior Period Adjustment	(12,292)
PPP loan forgiveness	(68,457)
Decrease (Increase) in operating assets	
Donations receivable	(6,612)
Other current assets	1,895
Increase (decrease) in current liabilities	
Accounts payable	13,991
Payroll Liabilities	(18,287)
<b>Net Cash Provided by Operating Activities</b>	<b>372,296</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

Cash payment for purchase of investments	(200,000)
Cash payment for purchase of Furniture	(36,076)
Cash payment for purchases of equipment & vehicles	(39,960)
Disposal of fixed asset	14,200
<b>Net Cash Used by Investing Activities</b>	<b>(261,536)</b>

### CASH FLOWS FROM FINANCING ACTIVITIES

Cash Payment for SBA Disaster Loan	(2,564)
Cash payments on land contract loan	(40,255)
Distribution of Profit	(111,264)
<b>Net Cash Used by Financing Activities</b>	<b>(154,083)</b>

<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(43,623 )</b>
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,714,670</b>
<b>CASH &amp; CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,671,047</b>

### SUPPLEMENTAL CASH FLOW INFORMATION:

Interest paid	\$ 109,746
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# **Rahma Worldwide Aid and Development and Subsidiary**

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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## **Note: 1 Description, Vision, Mission, and Core Values of the Organization**

Rahma Worldwide Aid and Development (the Organization) is a United States (US) nonprofit organization formed under IRS Code 501. The Organization addresses widespread poverty and vulnerability among refugees and vulnerable populations worldwide, focusing on delivering emergency and humanitarian assistance. The Organization's main priorities include incorporating sustainable specific programs and partnering with local organizations to support their global and US efforts to improve the living conditions of individuals, refugees, and the community at large.

The Organization works in the areas of environmental, health, child well-being, education, and emergency relief. Recently, the Organization became an affiliate of Mental Health America to address the overall mental health of the US populations, and increase efforts to ensure that mental health concerns are integrated into all our public health programs as well as human services activities.

The mission and vision of the Organization is to build a meaningful relationship by creating a responsive and individualized academic experience, in order to bring about the best in scholars who are competent and confident for the 21st century. The core values of the Organization are Compassion, transparency, integrity, and humanity.

### **Education Program**

Rahma International Academy (RIA) offers the highest quality education and challenging programs for a worldwide community that aims at creating a well-educated and more peaceful world. The program goes beyond borders to make the best education in the world within reach. RIA's instructors are carefully chosen amongst the best of scholars, scientists, and professionals in their respective fields. The graduates of Rahma International Academy are those who make a significant contribution to society; locally, nationally, and internationally.

### **Orphan Sponsorship & Support Program**

The purpose of the program is to help orphan children through targeted initiatives by nourishment, shelter, health and education

### **Mental Health Program**

The Organization in partnership with Mental Health America provides counseling services to communities to make a positive impact by spreading awareness of mental wellness and education, provided by well-qualified therapists who can help transition towards a better life for individuals, couples or families and provide hope for positive change and overcome barriers to a happier life. The Organization also provides limited prevention education and referral services at school-based services, behavior and education training, mental health first aid, Rahma Community Building Services, and at places where the need is required within its jurisdiction.

# Rahma Worldwide Aid and Development and Subsidiary

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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### Note 2: Significant Accounting Policies

#### ***Basis of Accounting***

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, expenses are matched with revenues by recognizing in the period in which the related revenue is recognized on the statement of activities, rather than when they are paid. Revenues are recognized when they are earned and realized or realizable. The balance sheet also reflects all significant receivables, payables and other liabilities.

#### ***Basis Of Presentation***

Financial statement presentation follows the requirements of U.S. generally accepted accounting principles. Under these principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* represent those net assets that are not subject to donor-imposed stipulations. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

*Net Assets With Donor Restrictions* represent those net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. It also represents net assets subject to donor-imposed stipulations that neither expire by the passage of time nor by actions of the Organization.

#### ***Principles of Consolidation***

The consolidated financial statements of the Organization incorporates the assets, liabilities, and operating results of Rahma Worldwide LLC, a wholly owned subsidiary of Rahma Worldwide Aid and Development, as at December 31, 2022 and the results of its activities for the year then ended. Rahma Worldwide LLC was established on July 10, 2020 to manage the building property the Organization owns.

#### ***Revenue Recognition***

Contributions (nonexchange), including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. For contributions or promises to give that are conditional, the revenue will be recognized as the conditions are met. Unconditional contributions are recognized as revenue when received. For a donor-imposed condition to exist, it must have both:

# Rahma Worldwide Aid and Development and Subsidiary

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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### Note 2: Significant Accounting Policies (Continued...)

- A. A right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.
- B. A measurable barrier that must be overcome before the revenue can be earned and recognized.

Contributions of cash and other assets are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions of land, buildings, equipment and other long-lived assets are reported as revenue and net assets without donor restriction unless explicit donor stipulations specify how such assets must be used, in which case, the contributions are reported as donor restricted revenue and net assets. In the absence of explicit stipulations for the time long-lived assets must be held, expirations of restrictions resulting in a reclassification of donor restricted net assets as net assets without donor restriction are reported when the long-lived assets are placed in service.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized by use of the level yield method and is reported as contribution revenue. As of the year ended December 31, 2022, the Organization expects all unconditional contributions to be collected within one year.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reflected as refundable advances. Grant awards that are exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed. Amounts received in excess of those earned are reflected in the statement of financial position as deferred revenue.

#### ***In-kind Contributions***

In-kind contributions are recorded at fair value of the services or items received. The Organization recognizes in-kind contributions that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year, the Organization recorded in-kind donation of medical supplies and equipment as well as shelter materials.

# Rahma Worldwide Aid and Development and Subsidiary

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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### Note 2: Significant Accounting Policies (Continued...)

#### ***Cash and Cash Equivalent***

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents except those included as part of an investment portfolio. Cash and cash equivalents in certain accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times, the accounts may exceed this limit; however, the Organization believes it is not exposed to any significant credit risk on cash or cash equivalents.

#### ***Furniture, Equipment and Depreciation***

The Organization's policy to capitalize property and equipment costing \$1,000 or more with a useful life over a year. Assets which cost less than the capitalization threshold are treated as expense in the period they are acquired. Purchased capital assets are reported in the financial statements at their historical cost. Donated capital assets are reported in the financial statements at their approximate fair value as of the date of donation. Expenditures for maintenance, repairs, renewals, and betterments which improve or extend the useful life of the respective asset are capitalized. All other expenditures for expensed. Depreciation is computed under the straight-line method as follows:

Building	27 - 39 years
Furniture and Equipment	5 - 7 years
Other Personal Property	3 to 5 years

Depreciation expense for the year ended December 31, 2022 was \$83,073.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### ***Functional Expense Allocation***

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Common expenses that are allocated on the basis of salaries and related costs, which are based on an estimate of time and effort expensed. Management believes the allocation method best estimates the value received by the programs and functions.

# Rahma Worldwide Aid and Development and Subsidiary

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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### Note 2: Significant Accounting Policies (Continued...)

#### ***Income Taxes***

Rahma Worldwide Aid and Development is established under the provisions of Section 501 (c)(3) of the Internal Revenue Code (IRS). The IRS has ruled that the Rahma Worldwide Aid and Development is a charitable tax-exempt organization which is exempt from federal income taxation under Section 501 (c)(3) of the IRS Code and classified as other than a private foundation. Under the provisions of the Code, Rahma Worldwide Aid and Development is, however, subject to tax on business income unrelated to its exempt purpose.

Rahma Worldwide Aid and Development's information returns are subject to examination by the Internal Revenue Service ("IRS") after a period of three years from the date they were filed, except under certain circumstances. Rahma Worldwide Aid and Development's information returns for the years 2019 through 2022 are open for examination by the IRS, although no request has been made as of the date of these financial statements.

#### ***Shipping and handling costs***

Shipping and handling costs are expensed as incurred and are charged to program costs for the delivery of various humanitarian and developmental aid programs such as soup kitchens, food pantries and hospital and school rehabilitation in Syria, Yemen, Gaza, Lebanon, and Turkey.

#### ***Advertising and Promotions***

Advertising and promotion expenses are expensed as incurred and total \$25,004 for 2022.

#### ***New Accounting Standards Adopted***

In February 2016, the Financial Accounting Standards Board (FASB) issued lease standard in ASU 2016-02 (ASC 842). The standard is applicable for nonprofit organizations financial statements effective for fiscal years beginning after December 15, 2021. The new lease standard requires a lessee to recognize right-of-use (ROU) assets and the related lease liabilities on the balance sheet for all arrangements with terms longer than 12 months. The Rahma Worldwide Aid and Development adopted the standard beginning on January 1, 2022. Adoption of the standard did not have a significant impact on the financial statements as there were no contracts that gave the Organization the right to control the use of property, plant, or equipment for the period of time in exchange for consideration.

In fiscal year 2022 the Rahma Worldwide Aid and Development adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increased the disclosure requirements around contributed nonfinancial financial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit organization has received. Adoption of the standard