

AHED INTERNATIONAL, INC.
AUDITED BASIC FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2016
(WITH AUDITOR'S REPORT THEREON)

AHED INTERNATIONAL, INC.
IRVING, TX
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DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
AHED International, Inc.

We have audited the accompanying financial statements of AHED International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows 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.

Auditor's 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 from 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 auditor's 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 AHED International, Inc. as of December 31, 2016, 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.



Gregg S. Bossen, CPA, PC
Atlanta, Georgia
April 12, 2017

AHED INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS	<u>UNRESTRICTED</u>
CURRENT ASSETS:	
Cash and Cash Equivalents	\$487,252
Pledges Receivable	238,497
Donated Humanitarian Relief Supplies	<u>113,934</u>
Total Current Assets	<u>839,683</u>
LONG-TERM FIXED ASSETS:	
Vehicles	40,041
Furniture and Equipment	23,965
Less Accumulated Depreciation	<u>(31,572)</u>
Total Long-Term Fixed Assets	<u>32,434</u>
OTHER ASSETS:	
Security Deposit	<u>1,596</u>
Total Other Assets	<u>1,596</u>
TOTAL ASSETS	<u><u>\$873,713</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accrued Expenses & Accounts Payable	26,577
Payroll Liabilities	16,549
Current Portion of Notes Payable	<u>4,333</u>
Total Current Liabilities	<u>47,459</u>
LONG-TERM LIABILITIES:	
Long-Term Portion of Notes Payable	<u>10,833</u>
Total Long-Term Liabilities	<u>10,833</u>
NET ASSETS:	815,421
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$873,713</u></u>

See Auditor's Report and Notes to Financial Statements

AHED INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>UNRESTRICTED</u>
PUBLIC SUPPORT & REVENUE:	
Public Support:	
Corporate, Foundation & Individual Contributions	\$2,601,690
In-Kind Contributions	<u>6,836,877</u>
Total Public Support	<u>9,438,567</u>
 Total Public Support and Revenue	 <u>9,438,567</u>
EXPENSES:	
Programs:	
Disaster Relief	5,502,147
Seasonal Campaign	664,509
Sustainable Development	395,486
Poverty & Relief Aid	1,986,703
Family & Orphan Sponsorship	251,760
Qur'an in Braille	74,584
Health & Medical Assistance	33,334
Education & Awareness	<u>138,103</u>
Total Programs	9,046,626
 Management & General	 217,083
Fundraising	<u>613,800</u>
 Total Expenses	 <u>9,877,509</u>
 CHANGE IN NET ASSETS	 <u><u>(\$438,942)</u></u>

See Auditor's Report and Notes to Financial Statements

AHED INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

PROGRAMS

	DISASTER RELIEF		SEASONAL CAMPAIGN	SUSTAINABLE DEVELOPMENT	POVERTY & RELIEF AID	FAMILY & ORPHAN SPONSORSHIP	HEALTH & MEDICAL ASSISTANCE	QUR'AN IN BRAILLE	EDUCATION & AWARENESS	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Financial & Material Assistance	5,464,414	636,785	365,949	1,953,534	221,591	58,311	8,000	123,225				\$8,831,809
Salaries & Wages	21,765	17,765	17,765	21,765	15,448	9,718	14,378	8,648	72,065	328,441	527,758	
Travel		173							18,385	99,959	118,517	
Contractual Services		955							7,060	82,920	90,935	
Payroll Tax Expense	1,605	1,203	1,203	1,605	1,203	802	1,203	802	5,617	24,870	40,113	
Credit Card Fees									38,427		38,427	
Advertising and Marketing	2,101	2,101	2,100	2,100	2,100	2,100	2,100	2,100		16,803	33,605	
Printing		2,776				440			535	27,500	31,251	
Rent & Parking	3,079	3,079	3,079	3,079	3,078	3,078	3,078	3,078	3,078	3,078	30,784	
Postage and Shipping									29,184	1,010	30,194	
Bad Debt Expense	7,555	550	5,140	4,120	7,650	325	4,325				29,665	
Venue Rental Fees										24,863	24,863	
Bank & Service Charges									8,781		8,781	
Depreciation									8,498		8,498	
Professional Fees									7,950		7,950	
Fringe Benefits	500	250	250	500	250	250	250	250	1,250	2,250	6,000	
Telephone									5,085		5,085	
Dues & Subscriptions									3,039	1,500	4,539	
Licenses & Permits									3,264		3,264	
Supplies									2,106	606	2,712	
Information Technology									1,302		1,302	
Insurance									873		873	
Repairs and Maintenance									329		329	
Equipment Rental & Maintenance									165		165	
Personnel Expenses									90		90	
TOTAL EXPENSES	\$5,502,147	\$664,509	\$395,486	\$1,986,703	\$251,760	\$74,584	\$33,334	\$138,103	\$217,083	\$613,800	\$9,877,509	

See Auditor's Report and Notes to Financial Statements

AHED INTERNATIONAL, INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>UNRESTRICTED</u>
BALANCE, DECEMBER 31, 2015	\$1,254,363
CHANGE IN NET ASSETS	(438,942)
	<hr/>
BALANCE, DECEMBER 31, 2016	<u>\$815,421</u>

See Auditor's Report and Notes to Financial Statements

AHED INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	(\$438,942)
Adjustments to reconcile Excess to net cash (used) by operating activities:	
Depreciation	8,498
(Increase) in Pledges Receivable	(110,503)
(Increase) in Donated Inventory	(6,650)
(Decrease) in Accounts Payable & Accrued Expenses	(7,577)
Increase in Payroll Liabilities	<u>11,921</u>
Net cash (used) by operating activities	<u>(543,253)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchased computer equipment	<u>(1,337)</u>
Net cash (used) by investing activities	(1,337)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments made on the Note Payable in 2016	<u>(4,333)</u>
Net cash (used) by financing activities	(4,333)
NET CHANGE IN CASH	(548,923)
CASH AT DECEMBER 31, 2015	<u>1,036,175</u>
CASH AT DECEMBER 31, 2016	<u><u>\$487,252</u></u>

See Auditor's Report and Notes to Financial Statements

AHED INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Nature of organization and operations:

Established in 2004, AHED International, Inc. institutes compassionate projects worldwide to improve the lives of disaster victims, underprivileged children, the sick, elderly, orphans, widows, and needy families, regardless of nationality, race, or religion. AHED International, Inc.'s activities are based on the principals of Islamic teachings, which stress the dignity and sanctity of human life. AHED International, Inc.'s goal is to restore dignity and instill hope in communities hit hard by poverty and disaster. AHED International, Inc. accomplishes its goal through short-term emergency disaster relief in the form of food, medical supplies, clothing and shelter, and in two ways: 1) through the long-term distribution of basic necessities, and 2) through the repair of social infrastructure by building and supporting family housing, orphanages, and healthcare facilities. For the year ended December 31, 2016, AHED International, Inc. operated the following programs:

(i) Disaster Relief – AHED International, Inc. has worked tirelessly to aid those suffering from calamities both man-made and otherwise no matter what their background. Whether it is through providing food supplies, basic necessities, shelter or medical treatment, AHED International, Inc. is committed to doing whatever it can to support people in their time of need. A disaster often leaves communities destroyed and feeling helpless and AHED International, Inc. has always been, and will continue to be, a source of hope and comfort in perilous times. AHED International, Inc. always responds to areas in need that have not received assistance and must rely on aid to survive.

(ii) Seasonal Campaign – AHED International, Inc. institutes annual projects that provide relief to those in need at specific times of the year in coordination with the special religious observances and holidays found in the Islamic calendar. People in need often anticipate the generosity of AHED Inc. donors during these special times and AHED International, Inc. takes great pride in facilitating these special contributions. During Ramadan, AHED International, Inc. hosts the Feed a Family Campaign that brings food packages to families in need across the globe. Each food package contains staple food items to help families who rely on these donations year to year. During Eid-ul-Adha, AHED International, Inc. hosts a meat distribution campaign to deliver the meat that was prepared as part of this religious holiday celebrated by millions of Muslims across the entire planet.

(iii) Sustainable Development - AHED is committed to providing sustainable solutions to educate and empower women, children and the most needy to become self-sufficient. Through various projects like vocational training for women, orphan sponsorship, community poultry farms, education services and water management services, AHED International, Inc. is able to leave people in a better situation than when it found them with hope for a future.

(iv) Poverty and Relief Aid – AHED International, Inc. is committed to assist families and communities around the world, to alleviate poverty and human suffering by responding to relief and development needs of disadvantaged people. The goal of the program is to assist in poverty reduction, and provide the poor with access to product.

(v) Family & Orphan Sponsorship – Family Sponsorship: AHED Inc. sponsors impoverished needy families in Jordan Palestine and Pakistan – mainly widows and children. It is a monthly sponsorship where we provide these families with basic living needs such as food, water, rent, utilities and education. The goals of the program are:

- (1) Provide regular financial assistance to needy families in order to help them alleviate some of their daily struggles.
- (2) Provide the basic living necessities – food, water, shelter, clothing, utilities, etc.
- (3) Break the cycle of poverty, and provide stability (short-term and long-term).

See Auditor's Report

AHED INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Orphan Sponsorship: The goal of AHED Inc.'s Orphan Sponsorship Program is dedicated to improving the lives of orphaned, abandoned, and disadvantaged children in the Middle East, Asia and Africa. AHED International, Inc.'s mission is to provide these children with food, nutrition, health, hygiene, school supplies, clothing and other necessities. AHED International, Inc. is committed to providing them with opportunities, means and hope. AHED International, Inc. strives to fulfill its humanitarian cause and see their sponsored orphans through adulthood, with happier, secure and brighter futures.

(vi)Qur'an in Braille – Qur'an in Braille for the Blind is one of the most active projects AHED International, Inc. sponsors. Many sets have been printed and distributed on behalf of the sponsors and donors, to the blind Muslims and community centers all across the globe.

(vii)Health & Medical Assistance – AHED Inc. provides medical assistance, medical supplies and medications to many countries. Since inception AHED has made health and medical contributions a priority. In order for communities to be uplifted, they must have the opportunity to be healthy and get the treatment they need to thrive. Through monthly prescription stipends, emergency medical aid shipments, and support for clinics in refugee camps, AHED recognizes the need to support this category of aid.

(viii)Education & Awareness: – AHED Inc. believes that children are the future, and all children have the right to quality education. We strive to improve the condition of our youth through various educational initiatives across the globe. AHED Inc. is committed to supporting worthy educational projects through the establishment of schools, providing supplies to facilitate learning, hiring qualified teacher, and implementing accountability metrics and exams to ensure the success and development of these programs.

(B)Basis of Presentation:

These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. These statements reflect application of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under these standards, all contributions are immediately recognized as revenue as soon as pledged (or if not pledged when received) regardless of any restrictions on use placed by the contributor. The basic financial statements are then shown divided into three net asset groups. These are:

Unrestricted Net Assets:

All assets who either have no imposed restrictions on use or whose restrictions have been met by December 31, 2016.

Temporarily Restricted Net Assets:

All contributions by foundations, corporations and individuals with restrictions on use that have not been met by December 31, 2016. (none here)

Permanently Restricted Net Assets:

All contributions with permanent restrictions on use that, by definition, will never be met (none here).

See Auditor's Report

AHED INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(C)Support and Revenues:

Foundations and Other Grants:

Support from these sources is recognized in the accounting period in which the grants are pledged (or if not pledged, when received) in accordance the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). See Note B.

Donations:

Revenue from this source is recognized in the accounting period during which the contribution is pledged (or if not pledged, when received) in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). See Note B.

(D)Fixed Assets:

AHED International, Inc. follows the practice of capitalizing, at cost, all expenditures for fixed assets. Depreciation is computed on the straight line method over 5, 7 and 10 years for equipment, furniture and leasehold improvements, respectively.

(E)Income Taxes

AHED International, Inc. is exempt from income taxes under Section 501 (c) (3) of the United States Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509 (a) of the United States Internal Revenue Code. Donations to the organization qualify for the charitable contributions deduction. During the year ended December 31, 2016, AHED International, Inc. had no unrelated business income as defined by Section 512 of the Code and, therefore no provision for income tax is necessary.

AHED International, Inc. adopted the income standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect for the AHED International, Inc. AHED International, Inc. is no longer subject to federal tax examinations for the years prior to 2013 and no longer subject to state income tax examinations for the years prior to 2013.

(F)Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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.

(G)Functional Allocation of Expenses:

The costs of providing the various programs and other activities are summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

See Auditor's Report

AHED INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
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NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(H)Concentration of Credit Risk:

AHED International, Inc. maintains bank accounts with financial institutions whose balances are insured by the Federal Deposit Insurance Corporation (FDIC) within limits. Periodically, bank account balances may exceed FDIC coverage. No credit risk is expected from uninsured deposits.

(I)Evaluation of Subsequent Events

The AHED International, Inc. has evaluated subsequent events through April 12, 2017, the date which the financial statements were available to be issued. None were found.

NOTE 2: LONG-TERM FIXED ASSETS

Depreciation is recorded on a straight line basis over the estimated useful lives of the assets. At December 31, 2016, the value of such assets is as follows:

Vehicles	\$40,041
Furniture and Equipment	23,965
Less: Accumulated Depreciation	<u>(31,572)</u>
Total Long-Term Fixed Assets	<u><u>\$32,434</u></u>

NOTE 3: DONATED HUMANITARIAN RELIEF SUPPLIES:

AHED International, Inc. receives donated humanitarian relief supplies from different non-profit organizations and individuals as well. These donated humanitarian relief supplies consist of a variety of items as follows:

Medical & Equipment Supplies	\$5,077,542
Used But Usable Clothing	1,634,491
Disaster Blankets, Cleaning & Paper Supplies	79,544
Hygiene Kits	<u>38,650</u>
Total Donated Humanitarian Relief Supplies	<u><u>\$6,830,227</u></u>

For the year ended December 31, 2016, the following details the donated items received and distributed:

Beginning Donated Humanitarian Relief Supplies, 1/1/2016	\$107,284
In-Kind Contributions Received in 2015 (See Note 5)	\$6,836,877
Humanitarian Relief Supplies Distributed for 2016	<u>(6,830,227)</u>
Total Donated Humanitarian Relief Supplies To Be Distributed	<u><u>\$113,934</u></u>

See Auditor's Report

AHED INTERNATIONAL, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016
 -continued-

NOTE 4: NOTE PAYABLE - VEHICLE

A summary of the Note Payable at December 31, 2016 is as follows:

Toyota Financial Services (original balance was \$21,665.24) due in monthly installments of \$361.08, through June 10, 2020	\$15,166
Total Note Payable	15,166
Less Current Portion	(4,333)
Note Payable, Excluding Current Portion	\$10,833

NOTE 5: IN-KIND CONTRIBUTIONS

AHED International, Inc. receives substantial in-kind contributions in the form of donated humanitarian relief supplies. (See Note 3) Contributions and the corresponding expenses are booked at fair market value in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and consist of the following:

Financial & Material Assistance	\$6,836,877
Total In-Kind Contributions	\$6,836,877

NOTE 6: POSSIBLE FUTURE OBLIGATION

In 2010, AHED International, Inc. signed a lease agreement with MRI Beltline Industrial LP (the Landlord) for three years. AHED International, Inc. was planning to open a Thrift store that would help needy local people. However, the Landlord failed to repair and maintain the property according to the terms of the lease agreement. The lack of repairs materially affected AHED International, Inc. AHED International, Inc. submitted a “notice of intent to vacate” the property within 30 days if the repairs were not done. After the 30 days, no repairs were made by the Landlord and AHED International, Inc. vacated the property in May 2011.

In June 2011, the Landlord charged a termination fee to AHED International, Inc. billing them for the remainder of the lease along with damages and cleaning fees which came to a total equal to \$80,688.15. AHED International, Inc. does not agree with the billing and has not paid the Landlord. The last communication from the Landlord was in September 2011 from a collection agency, National Credit Systems, Inc.

The obligation of \$80,688.15 from the Landlord has not been booked on the Financial Statements because no formal legal action has been made by the Landlord and no further communication has been received from the Landlord since the obligation originally occurred

AHED INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
-continued-

NOTE 7: OFFICE SPACE LEASE COMMITMENT

On March 14, 2017, AHED International, Inc. renewed their operating lease with 2300 Valley View, L.P. for their office space. AHED International, Inc.'s lease premises are located at Suite 632 in the Metropart building located at 2300 Valley View Lane, Irving, Texas 75062. The lease renewal begins on April 1, 2017 and ends on March 31, 2018. The monthly rental is \$1,433.33.

Total minimum future commitment under the lease is as follows:

For the year ended December 31, 2017	17,200
December 31, 2018	<u>4,300</u>
	<u>\$21,500</u>

See Auditor's Report