

YEMEN AID INC.
FINANCIAL STATEMENTS
December 31, 2018

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Independent Auditor's Report

**To the Board of Directors
Yemen Aid Inc.**

Report on Financial Statements

We have audited the accompanying financial statements of Yemen Aid Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, 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 Yemen Aid Inc. as of December 31, 2018, 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.

A handwritten signature in black ink, appearing to read "ant / ant, CPA PC".

Mount Kisco, New York
October 10, 2019

YEMEN AID INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2018

ASSETS

Current Assets:	
Cash	\$ 838,319
Prepaid expenses	<u>5,000</u>
Total Current Assets	<u>843,319</u>
Fixed Assets:	
Vehicles	27,100
Less accumulated depreciation	<u>(5,420)</u>
Net Fixed Assets	<u>21,680</u>
Total Assets	\$ <u>864,999</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable and accrued expenses	\$ <u>16,601</u>
Net Assets:	
Without donor restrictions	397,405
With donor restrictions	<u>450,993</u>
Total Net Assets	<u>848,398</u>
Total Liabilities & Net Assets	\$ <u>864,999</u>

The accompanying notes are an integral part of the financial statements.

YEMEN AID INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2018

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenue & Other Support:			
Contributions	\$ 419,056	\$ 744,730	\$ 1,163,786
Donated medical supplies		361,219	361,219
Fundraising event	6,862	36,824	43,686
Net Assets released from restrictions:			
Satisfaction of program restrictions	<u>733,214</u>	<u>(733,214)</u>	<u>-</u>
Total Revenue & Other Support	<u>1,159,132</u>	<u>409,559</u>	<u>1,568,691</u>
Expenses:			
Program services	747,017		747,017
Support services	9,959		9,959
Fundraising	<u>12,995</u>	<u> </u>	<u>12,995</u>
Total Expenses	<u>769,971</u>	<u> </u>	<u>769,971</u>
Increase in Net Assets	389,161	409,559	798,720
Net Assets, beginning of year	<u>8,244</u>	<u>41,434</u>	<u>49,678</u>
Net Assets, end of year	\$ <u>397,405</u>	\$ <u>450,993</u>	\$ <u>848,398</u>

The accompanying notes are an integral part of the financial statements.

YEMEN AID INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Grants	\$ 499,369	\$	\$	\$ 499,369
Food supplies	167,958			167,958
Travel	16,113		4,020	20,133
Customs fees	17,145			17,145
Outside labor	15,585			15,585
Program supplies & expenses	10,978			10,978
Medical supplies	9,010			9,010
Bank charges & service fees		8,359		8,359
Advertising & marketing	3,276		2,849	6,125
Fundraising expenses			4,964	4,964
Direct assistance expenses	2,163			2,163
Professional fees		1,600		1,600
Conferences			1,162	1,162
Depreciation	<u>5,420</u>	<u> </u>	<u> </u>	<u>5,420</u>
 Total Expenses	 <u>\$ 747,017</u>	 <u>\$ 9,959</u>	 <u>\$ 12,995</u>	 <u>\$ 769,971</u>

The accompanying notes are an integral part of the financial statements.

YEMEN AID INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018
(Increase (Decrease) in Cash)

Cash flows from operating activities:	
Increase in Net Assets	\$ 798,720
Adjustments to reconcile increase (decrease) in Net Assets to net cash provided (used) by operating activities:	
Depreciation	5,420
(Increase) decrease in prepaid expenses	(5,000)
Increase (decrease) in accounts payable and accrued expenses	<u>16,601</u>
Net cash provided (used) by operating activities	<u>815,741</u>
Cash flows from investing activities:	
Purchase of fixed assets	<u>(27,100)</u>
Net increase in cash	788,641
Cash, beginning of year	<u>49,678</u>
Cash, end of year	<u>\$ 838,319</u>

Supplemental disclosure of cash flows information:

Cash paid during the year for:	
Interest	\$ -0-
Income taxes	\$ -0-

The accompanying notes are an integral part of the financial statements.

YEMEN AID INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Note 1 – Organization:

Yemen Aid Inc., (the “Organization”), was incorporated in 2016. The purpose of the Organization is to provide humanitarian assistance to the poor in Yemen including (i) cash assistance, (ii) food assistance, and (iii) medical supplies and equipment. Additionally, the Organization will (i) provide emergency and disaster relief in Yemen, (ii) partner with international organizations for the purpose of implementing projects in Yemen, (iii) empower women in Yemen educationally, economically and in community leadership roles, (iv) raise health awareness in Yemen, especially rural areas, and (v) train the youth in Yemen, refine their skills and increase their qualifications through education and professional programs.

Note 2 – Summary of Significant Accounting Policies:

- a. The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Contributions are recognized when received.
- b. The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.
- c. The accompanying financial statements present information regarding the financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of the Organization and may be used at the discretion of management and the board of directors. Net assets with donor restrictions are subject to stipulations imposed by donors or grantors. Some restrictions are temporary in nature; those restrictions that will be met by the passage of time or accomplishing the purpose restriction. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- d. A substantial number of volunteers made significant contributions of their time to the Organization’s programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.
- e. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

YEMEN AID INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued):

- f. The Organization was formed under Section 33 of the Connecticut General Statutes and is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization adopted the provision pertaining to uncertain tax positions and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Organization is generally no longer subject to income tax examinations by the applicable taxing jurisdictions for the periods prior to 2016.

- g. Subsequent events have been evaluated through October 10, 2019 which is the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability:

The Organization is substantially supported by contributions and grants and must maintain sufficient resources to meet those responsibilities to its donors. As part of the liquidity plan, the Organization has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations that come due.

The following represents the financial assets as of December 31, 2018, that are available to meet general expenditures within one year, reduced by amounts for donor-imposed restrictions or board designations:

Financial Assets, at year end	\$ 838,319
Less amounts not available to be used within one year:	
Restricted by donor with purpose restrictions	<u>450,993</u>
Financial assets available to meet general expenditures within one year	\$ <u>387,326</u>

Note 4 – Fixed Assets:

Vehicles are stated at cost, net of accumulated depreciation. The amounts do not purport to represent replacement or realizable values. Depreciation is recorded using the straight-line method based on an estimated useful life of 5 years.

YEMEN AID INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Note 5 – Commitments and Other Contingencies:

- a. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time may exceed the Federal depository insurance coverage limits.
- b. Pursuant to the Organization's contractual relationships with certain funding sources, outside agencies have the right to examine the books and records of the Organization involving transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of Management, any actual disallowances would be immaterial.

Note 6 – Net Assets:

The Organization's net assets with donor restrictions for the year ended December 31, 2018 were as follows:

Subject for purpose restrictions:	
Famine relief	\$ 420,872
Food security project	16,892
Charitable bakery	6,855
Ambulance service	<u>6,374</u>
Total net assets with restrictions	\$ <u>450,993</u>

Note 7 – Contributions:

During 2018, the Organization launched a Facebook fundraiser which raised \$981,706 in revenues through subsequent individual Facebook fundraisers.

Note 8 – Donated Medical Supplies:

The Organization received donations of medical supplies which has been valued at \$361,219 for the year ended December 31, 2018. These donations were distributed to various hospitals and schools in Yemen. The value of the donated medical supplies has been recorded as non-cash revenue and as a grant expense in the accompanying financial statements.