

HUMANITARIAN AFRICAN RELIEF ORGANIZATION

FINANCIAL STATEMENTS

December 31, 2012

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THOMAS LEWIS & ASSOCIATES, P.A.
Certified Public Accountants

6700 France Avenue, Suite 116, Minneapolis, Minnesota 55435
952-835-1510, Fax: 952-835-9347

email: info@tlewiscpa.com
web-site: www.tlewiscpa.com

750 S. Plaza Dr., Suite 208, Mendota Heights, Minnesota 55120
651-690-5498, Fax: 952-835-9347

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
HUMANITARIAN AFRICAN RELIEF ORGANIZATION
SAN DIEGO, CA

Introductory

We have audited the accompanying financial statements of HUMANITARIAN AFRICAN RELIEF ORGANIZATION, which comprise the statement of financial position as of December 31, 2012, and the related statement of activities, statement of functional expenses, and statement of 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 HUMANITARIAN AFRICAN RELIEF ORGANIZATION as of December 31, 2012, and the activities, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Thomas Lewis & Associate, P.A.

THOMAS LEWIS & ASSOCIATES, P.A.
November 14, 2013

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HUMANITARIAN AFRICAN RELIEF ORGANIZATION
STATEMENT OF FINANCIAL POSITION
December 31, 2012

ASSETS

	2012
CURRENT ASSETS	
Cash and cash equivalents	\$ 2,679
Total current assets	2,679
PROPERTY AND EQUIPMENT - at cost	
Computers, furniture and equipment	60,333
Less, accumulated depreciation	12,067
Net property and equipment	48,266
OTHER ASSETS	
Security deposit	660
Other assets	2,000
Total other assets	2,660
Total Assets	\$ 53,605

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accrued payroll and related	\$ 1,002
Total liabilities	1,002
NET ASSETS	
Unrestricted net assets	52,603
Total net assets	52,603
Total Liabilities and Net Assets	\$ 53,605

See independent auditor's report and notes to financial statements.

HUMANITARIAN AFRICAN RELIEF ORGANIZATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

	2012
SUPPORT AND REVENUE	
Contributions - foundations/corporations	\$ 313,376
Total support and revenues	313,376
EXPENSES	
Program services	154,857
Supporting Activities:	
Management and general	141,334
Fundraising	23,570
Total supporting activities	164,904
Total Expenses	319,761
CHANGE IN NET ASSETS	(6,385)
NET ASSETS, beginning of year	58,988
NET ASSETS, end of year	\$ 52,603

See independent auditor's report and notes to financial statements.

HUMANITARIAN AFRICAN RELIEF ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012

	Supporting Activities				2012 Totals
	Total Program Services	Management & General	Fundraising	Total Support Services	
PERSONNEL COSTS					
Salaries	-	\$ 42,166	-	\$ 42,166	\$ 42,166
Payroll taxes	-	5,409	-	5,409	5,409
Total personnel costs	-	47,575	-	47,575	47,575
OTHER EXPENSES					
Advertising	-	-	4,370	4,370	4,370
African Relief	154,857	-	-	-	154,857
Auto and travel	-	14,573	-	14,573	14,573
Dues and subscriptions	-	225	-	225	225
Insurance	-	1,433	-	1,433	1,433
Contract Services	-	7,559	-	7,559	7,559
Bank Charges	-	2,006	-	2,006	2,006
Occupancy	-	13,633	-	13,633	13,633
Postage and delivery	-	617	-	617	617
Professional services	-	800	-	800	800
Repairs and maintenance	-	944	-	944	944
Supplies and printing	-	-	19,200	19,200	19,200
Telephone and internet	-	2,784	-	2,784	2,784
Utilities	-	327	-	327	327
Meetings Expense	-	30,604	-	30,604	30,604
Office Expense	-	6,187	-	6,187	6,187
Total expenses before depreciation	154,857	129,267	23,570	152,837	307,694
Depreciation	-	12,067	-	12,067	12,067
Total Expenses	\$ 154,857	\$ 141,334	\$ 23,570	\$ 164,904	\$ 319,761

See independent auditor's report and notes to financial statements.

HUMANITARIAN AFRICAN RELIEF ORGANIZATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012

	2012
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (6,385)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	
Changes in operating assets and liabilities:	
Depreciation	12,067
Security Deposit	(660)
Accrued payroll and related	1,002
Net Changes	12,409
Net Cash Provided by Operating Activities	6,024
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of fixed assets	(29,950)
Net Cash Used by Investing Activities	(29,950)
DECREASE IN CASH AND CASH EQUIVALENTS	(23,926)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	26,605
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,679

See independent auditor's report and notes to financial statements.

HUMANITARIAN AFRICAN RELIEF ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

HUMANITARIAN AFRICAN RELIEF ORGANIZATION (the "Organization") was incorporated in 2007 to empower the needy and the indigent to make informed and healthy choices to counter the social and economic problems epidemic in parts of Somalia and East Africa, by presenting helpful awareness, effective education, and assistance in the form of food, shelter, and medicine.

Basis of Presentation

The financial statements have been prepared in conformity with the disclosure requirements of U.S. generally accepted accounting principles for not-for-profit organizations. Under these provisions, net assets and revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions.

Accordingly, the Organization's net assets and changes thereto are classified and reported as follows:

Unrestricted Net Assets - This classification contains net assets over which the Board of Directors has discretionary control.

Temporarily Restricted Net Assets - Includes net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization with the passage of time.

Permanently Restricted Net Assets - Includes those resources subject to a donor-imposed restriction that they be maintained permanently.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less are considered to be cash equivalents.

Accounts, Contributions and Grants Receivable

The Organization has not experienced significant losses on accounts, contributions or grants receivable. Accordingly, the Organization uses the direct write-off method for uncollectible accounts. There were no uncollectible accounts written off at December 31, 2012.

Property and Equipment

Property and equipment acquisitions are capitalized and recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 39 years.

HUMANITARIAN AFRICAN RELIEF ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues

Donations, grants, contributions, and all other forms of revenue are considered unrestricted use unless specifically restricted by the donor.

Donated Material and Services

Donated material and services are recorded as a contribution when received, at their fair market value, if significant and measurable.

Advertising

The Organization expenses advertising costs as incurred.

Income Taxes

The Organization is exempt from federal and state income taxes as organizations described under Section 501(c)(3) of the Internal Revenue Code. The Organization's open audit periods are the years ended December 31, 2009 through 2012.

The Organization has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2012.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for tax return years prior to the year ended December 31, 2009.

The Organization's policy is to classify any income tax related interest and penalties in interest expense and other expenses, respectively.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

HUMANITARIAN AFRICAN RELIEF ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted, Temporarily Restricted and Permanently Restricted Revenue and Support

Contributions are recorded at fair value at the date the promise is received and are classified as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as restricted support and then released from restriction.

Functional Expenses

Operating expenses directly identifiable with a functional area are charged to that area and where expenses affect more than one area, they are allocated on the basis of ratios determined by management.

Subsequent Events

Management has evaluated subsequent events through November 14, 2013, which is the date the financial statements were available to be issued.

NOTE B – OPERATING LEASE

The Organization leases two office spaces in San Diego and Minneapolis under month to month leases. Rent expense under these leases was \$13,633 for the year ended December 31, 2012.

NOTE C – COMMITMENTS AND CONTINGENCIES

The Organization holds its operating and restricted cash in accounts with regulated financial institutions. The Federal Deposit Insurance Corporation insures checking and savings account balances up to \$250,000 per financial institution. At December 31, 2012 the Organization had no balances in excess of those limits.