HUMANITARIAN AFRICAN RELIEF ORGANIZATION

Financial Statement and Independent Auditor's report
December 31, 2017

Mahmood Afey
Certified Public Accountant
Tax & Accounting

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Humanitarian African Relief Organization

We have audited the accompanying financial statements of Humanitarian African Relief Organization (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities 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 Humanitarian African Relief Organization as of December 31, 2017, 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.

Mahmood Afey, CPA

Minneapolis, Minnesota
July 19, 2019

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HUMANITARIAN AFRICAN RELIEF ORGANIZATION
STATEMENT OF FINANCIAL POSITION
Year Ended December 31, 2017

ASSETS

	2017
CURRENT ASSETS	
Cash and Cash Equivalents	$ 82,942
Total Current Assets	82,942
PROPERTY AND EQUIPMENT	
Computers, Furniture and Equipment	37,502
Accumulated Depreciation	28,044
	9,458
OTHER ASSETS	
Security Deposit	660
Total Other Assets	660
Total Assets	$ 93,060

LIABILITIES AND NET ASSETS

CURRENT LIABILITY	
Accounts Payable	2,400
Accrued Payroll and related liabilities	1,117
Total Current Liability	3,517
Total Liability	3,517
NET ASSETS	
Unrestricted Net Assets	89,543
Total Net Assets	89,543
Total Liabilities and Net Assets	$ 93,060

HUMANITARIAN AFRICAN RELIEF ORGANIZATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

		2017
SUPPORT AND REVENUE		
Contribution Revenue	$	897,746
Total Support and Revenue		897,746
EXPENESS		
Program Expenses		613,929
Supporting Activities		
Management and General		154,793
Fundraising		60,927
Total Supporting Activities		215,720
Total Expense		829,649
CHANGE IN NET ASSETS		68,097
BEGINNING NET ASSETS		21,446
ENDING NET ASSETS	$	89,543

HUMANITARIAN AFRICAN RELIEF ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

		Supporting Activities			
	Total Program Services	Management & General	Fundraising	Total Supporting Services	Total
Other Expenses					
African Relief Programs	613,929			-	613,929
Advertising and Promotion			1,163	1,163	1,163
Auto Expense		7,378		7,378	7,378
Bank service charge		4,728		4,728	4,728
Awards and Grants		299		299	299
Contract Services		103,199		103,199	103,199
Repairs and Maintenances		1,125		1,125	1,125
Office Expense		9,464		9,464	9,464
Postage, Mailing Service		419		419	419
Printing and Copying			1,180	1,180	1,180
Professional fee		2,863	13,120	15,983	15,983
Rent		11,400		11,400	11,400
License and Permits		135		135	135
Telephone & Internet		3,181		3,181	3,181
Meeting/Travel		5,245	45,464	50,709	50,709
Total Expenses before depreciation	613,929	149,436	60,927	210,363	824,292
Depreciation		5,357		5,357	5,357
Total Expenses	$ 613,929	$ 154,793	$ 60,927	$ 215,720	$829,649

HUMANITARIAN AFRICAN RELIEF ORGANIZATION
STATEMENT OF CASH FLOWS
Year Ended December 31, 2017

		2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Nets Assets	$	68,097
Adjustments to reconcile Net Income to net cash provided by operations:		
Depreciation		5357
Accounts Payable Increase (Decrease)		-
Net Cash Provided by Operating Activities		73,454
DECREASE IN CASH AND CASH EQUIVALENTS		**73,454**
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		9,488
CASH AND CASH EQUIVALENTS - END OF YEAR	**$**	**82,942**

NOTE 1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Nature of Operations

Humanitarian African Relief Organization (the Organization) was incorporated in 2007 to empower the needy and the indignant to make informed and healthy choices to counter the social and economic problems in parts of East Africa, by presenting helpful awareness, effective education, and assistance in the form of food, shelter and medicine.

Basis of Presentation

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

Accordingly, the Organization’s net assets are classified into three categories: unrestricted, temporarily restricted and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time, or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the consolidated statements of activities when net assets are released from restrictions, when the time restrictions expire, or the contributions are used for their restricted purpose. Permanently Restricted Net Assets includes contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers temporary cash investments with original maturities of less than 90 days to be cash equivalents.

Property and Equipment

Property and equipment acquisition with a life of one year or more and cost over $500 per unit are capitalized and stated at cost. Donated assets are recorded at fair value as of the date of donation. Donated assets are reported as increases in net assets without donor restrictions unless the donor has restricted donated assets for a specific purpose. Major additions and improvements are capitalized, while maintenance and repairs are expensed, as incurred. When assets are sold or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets.

The estimated lives for computed depreciation on property and equipment are:

Classification	Year
Leasehold Improvements	15-39
Furniture and equipment	5-15

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long lived asset exceeds its fair value. No asset impairment was recognized during the year ended December 31, 2017.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue

Contributions are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. When a restriction expires, temporarily restricted net assets are reclassified from restrictions. Donor restricted contributions for which the restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

Donated Materials and Services

Donated noncash assets are recorded as contributions at their fair values on the date of donation. No donated materials were recorded for the year ended December 31, 2017.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Expense Allocation

The Organization allocates its expenses on a functional basis among its program and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Advertising

The Organization expenses advertising expense as incurred.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization is exempt from federal income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code, for which there was none. The Organization qualifies for the charitable contribution deduction under Section 170(b)(2) and is not a private foundation. The Organization has evaluated its tax positions for uncertainty and has no unrecognized tax matters that are required to be disclosed.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through 07/19/2019, the date which the financial statements were available to be issued.

RECENTLY-ISSUED ACCOUNTING PROUNOUCEMENTS

NON-PROFIT ORGANIZATIONS

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities to improve the net asset classification requirements and information presented in financial statements. The update requires a nonprofit organization to present, on the face of the statement of financial position, amounts for two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. This replaces the current presentation, which includes three classes of net assets. In addition, this ASU requires a nonprofit to present, on the statement of activities, the change in each of the two classes of net assets, rather than that of the currently required three classes. The ASU also requires a nonprofit to present, on the face of the statement of cash flows, the net amount for operating cash flows using either the direct or indirect method of reporting, but no longer requires the presentation or disclosure of the indirect method (reconciliation) if using the direct method. The Organization does not expect the new guidance to have a significant impact on its operations or finances.

NOTE 3. COMMITMENTS AND CONTINGENCIES

LEASE

The Organization has a lease for an office space in Minneapolis, which expires August 2020. The following is a schedule, by year, of the future Minimum rental payments:

Year Ended December 31,	
2018	$ 11,400
2019	11,400
2020	7,600
	$ 30,400

Rent expense for the year ended December 31, 2017 was $11,400.