Islamic Relief USA and Affiliates

Consolidated Financial Report
December 31, 2018

Contents

Independent Auditor's Report

To the Board of Directors
Islamic Relief USA

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Islamic Relief USA and Affiliates (collectively, IRUSA), which comprise the consolidated balance sheet as of December 31, 2018, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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 the 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 IRUSA as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited IRUSA's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, IRUSA adopted the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* and applied this retrospectively to 2017. The adoption of this standard resulted in the issuance of statement of functional expenses and additional footnote disclosures. Our opinion is not modified with respect to this matter.

RSM US LLP

McLean, Virginia
November 26, 2019

Islamic Relief USA and Affiliates

Consolidated Balance Sheet
December 31, 2018
(With Comparative Totals for 2017)

	2018	2017
Assets		
Cash	**$ 52,105,817**	$ 42,094,261
Investments	**7,021,372**	5,445,495
Accounts receivable	**218,310**	1,874
Prepaid expenses and other assets	**765,659**	793,266
Inventory – in-kind	**18,751,322**	303,000
Property and equipment, net	**4,163,751**	4,196,388
	$ 83,026,231	$ 52,834,284
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 1,861,451**	$ 1,279,993
Grants payable	**27,283,269**	22,572,953
Total liabilities	**29,144,720**	23,852,946
Net assets:		
Without donor restrictions	**31,877,428**	15,057,311
With donor restrictions	**22,004,083**	13,924,027
	53,881,511	28,981,338
	$ 83,026,231	$ 52,834,284

See notes to consolidated financial statements.

Islamic Relief USA and Affiliates

Consolidated Statement of Activities
Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
Support and revenue:				
Contributions	**$ 31,476,253**	**$ 47,017,128**	**$ 78,493,381**	$ 74,923,357
In-kind contributions	**29,415,863**	**-**	**29,415,863**	70,856,358
Net assets released from restriction	**38,937,072**	**(38,937,072)**	**-**	-
Total support and revenue	**99,829,188**	**8,080,056**	**107,909,244**	145,779,715
Expenses:				
Program services	**63,734,039**	**-**	**63,734,039**	132,188,389
Management and general	**4,656,724**	**-**	**4,656,724**	4,055,341
Fundraising	**14,571,725**	**-**	**14,571,725**	12,913,629
Total expenses	**82,962,488**	**-**	**82,962,488**	149,157,359
Change in net assets before other income	**16,866,700**	**8,080,056**	**24,946,756**	(3,377,644)
Other income:				
Foreign currency exchange gain	**219,908**	**-**	**219,908**	121,701
Realized/unrealized (loss) gain on investments, net	**(289,475)**	**-**	**(289,475)**	749,435
Other income	**22,984**	**-**	**22,984**	23,890
Total other income	**(46,583)**	**-**	**(46,583)**	895,026
Change in net assets	**16,820,117**	**8,080,056**	**24,900,173**	(2,482,618)
Net assets:				
Beginning	**15,057,311**	**13,924,027**	**28,981,338**	31,463,956
Ending	**$ 31,877,428**	**$ 22,004,083**	**$ 53,881,511**	$ 28,981,338

See notes to consolidated financial statements.

Islamic Relief USA and Affiliates

Consolidated Statement of Functional Expenses
Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Program Services	Management and General	Fundraising	2018 Total	2017 Total
International grants	$ 37,422,889	$ -	$ -	$ 37,422,889	$ 47,189,219
In-kind donations sent to relief sites	10,967,541	-	-	10,967,541	70,553,358
Employee leasing and related expenses	3,047,209	2,296,645	6,678,096	12,021,950	10,416,525
Handling and related costs	5,481,917	-	-	5,481,917	5,758,832
Domestic grants	5,476,481	-	-	5,476,481	5,500,258
Advertising and marketing	34,219	42,934	2,336,951	2,414,104	1,894,926
Venue and catering	2,859	8,954	1,474,056	1,485,869	1,320,062
Travel	451,413	149,428	834,862	1,435,703	1,140,716
Events and sponsorship	87,192	14,594	1,110,940	1,212,726	1,060,759
Bank charges and credit card fees	-	1,085,519	-	1,085,519	932,954
Professional fees	207,907	44,943	257,916	510,766	403,175
Equipment and location rent	61,786	93,375	325,206	480,367	394,951
Printing	16,518	16,994	426,466	459,978	481,825
Computer hardware and equipment	107,240	152,510	179,245	438,995	360,540
Depreciation	-	340,988	-	340,988	271,857
Artist performance and honorarium	1,022	1,236	323,095	325,353	322,536
Postage	6,990	13,120	262,019	282,129	246,195
Tax and licenses	145,651	43,531	59,580	248,762	152,001
Accounting and legal fees	72,556	76,651	72,556	221,763	125,710
Telecommunications	55,018	77,025	88,029	220,072	211,439
Office expenses	46,799	78,903	74,878	200,580	228,013
Insurance	22,540	31,556	36,064	90,160	77,857
Professional education and training	175	79,962	1,263	81,400	79,621
Conference and meeting	18,117	7,856	30,503	56,476	34,030
	$ 63,734,039	$ 4,656,724	$ 14,571,725	$ 82,962,488	$ 149,157,359

See notes to consolidated financial statements.

Islamic Relief USA and Affiliates

Consolidated Statement of Cash Flows
Year Ended December 31, 2018
(With Comparative Totals for 2017)

	2018	2017
Cash flows from operating activities:		
Change in net assets	**$ 24,900,173**	$ (2,482,618)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized/unrealized (loss) gain on investments	**289,475**	(749,435)
Depreciation expense	**340,988**	271,857
Donated investments	**(1,136,841)**	(795,574)
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	**(216,436)**	3,091
Inventory – in-kind	**(18,448,322)**	(303,000)
Prepaid expenses and other assets	**27,607**	135,925
Decrease in:		
Accounts payable	**581,458**	34,373
Grants payable	**4,710,316**	6,958,689
Net cash provided by operating activities	**11,048,418**	3,073,308
Cash flows from investing activities:		
Purchase of property and equipment	**(308,351)**	(571,222)
Purchase of investments	**(728,511)**	(2,000,000)
Net cash used in investing activities	**(1,036,862)**	(2,571,222)
Net increase in cash	**10,011,556**	502,086
Cash:		
Beginning	**42,094,261**	41,592,175
Ending	**$ 52,105,817**	$ 42,094,261

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Islamic Relief USA and Affiliates is comprised of the following entities: Islamic Relief USA, 88 Wheeler Foundation, LLC (Wheeler Foundation) and IRUSA WAQF (WAQF), collectively referred to as IRUSA. Islamic Relief USA, a 501(c)(3) organization, was organized under the Nonprofit Public Benefit Corporation Law and Section 23701(f) of the California Revenue and Taxation Code. Islamic Relief USA provides food, clothing and medicine on a worldwide basis through governmental organizations and relief agencies. Islamic Relief USA assists in the establishment and operation of training centers, schools, hospitals, clinics and other projects that serve refugees throughout the world. The majority of Islamic Relief USA's programs are administered through grants with Islamic Relief Worldwide (IRW), which is based in the United Kingdom. Islamic Relief USA also provides aid to underprivileged populations throughout the United States, and a disaster response team assists in emergency situations across the country.

Wheeler Foundation is a single member limited liability company used to purchase and hold real estate property.

WAQF is a 501(c)(3) supporting organization used to grow funds to support future administrative costs for IRUSA.

Islamic Relief USA's mission is to provide relief and development in a dignified manner regardless of gender, race or religion and works to empower individuals in their communities and give them a voice in the world.

IRUSA programs are as follows:

Emergency and relief: The primary functions of these projects are: (1) to survey and assess the needs of areas suffering from natural or man-made disasters such as earthquakes, floods and wars and to provide immediate relief in the form of shelters, food packets and urgent medical care; and (2) to distribute needed help to the homeless and the needy in the United States and abroad. IRUSA's projects include the rebuilding of homes, schools and hospitals after the immediate relief is provided.

Ramadan Food Distribution: The Ramadan Food Distribution, which occurs throughout the month of Ramadan, focuses on the distribution of supplementary food packages to needy families. They contain food staples such as rice, beans, sugar, cooking oil, etc.

Udhiyah/Qurbani: The Udhiyah/Qurbani Program is another seasonal food distribution program that focuses on providing meat to families who may otherwise not have reliable access to meat throughout the year. The typical package distributed to each family consists of approximately five pounds of fresh or frozen meat, usually beef or lamb.

Development projects: The objective of the development projects is to give people the confidence to participate in their own development and to secure their own future without the need for continuing external assistance. The projects include water, sanitation, health and nutrition programs and income generation projects.

Education and training projects: These education projects provide adult literacy and language classes, school sponsorships, high school learning materials and equipment.

Orphan assistance projects: The orphan assistance project provides cash stipends to orphans throughout the world and may be used to support their education, health, nutrition, shelter and other needs. Orphan support projects also provide services for the vulnerable and needy families of the orphan, which may include healthcare, livelihood support, food assistance or education.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income generation projects: These projects are designed to help individuals acquire the skills they need to develop a reliable means of earning income, help communities prosper by boosting the local economy and by creating jobs.

Health and nutrition projects: These projects are designed to provide essential health care and medicine to poor communities using integrated health programs aimed at caring for children traumatized and injured by armed conflict and crisis and offer medical aid and care for mothers and children in areas that lack adequate health services.

Domestic projects: Every year, IRUSA hosts Day of Dignity™ events nationwide. IRUSA partners with and provides grant support to implementing grassroots organizations in each of the local communities where Day of Dignity™ is hosted. The event connects homeless, needy and vulnerable individuals to medical care providers, food assistance, clothing assistance and other social services and programs available to them. IRUSA has provided gifts-in-kind at these events in the form of hygiene kits and school kits. First held in 2004, Day of Dignity™ is now in its thirteenth year and has benefited thousands of Americans.

In addition, IRUSA supports the United Nations' sustainable development goals and works on humanitarian projects that promote the following goals (1) End poverty in all its forms everywhere; (2) End hunger, achieve food security and improved nutrition and promote sustainable agriculture; (3) Ensure healthy lives and promote well-being for all at all ages; (4) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; (5) Achieve gender equality and empower all women and girls; (6) Ensure availability and sustainable management of water and sanitation for all; (7) Ensure access to affordable, reliable, sustainable and modern energy for all; (8) Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; (9) Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; (10) Reduce income inequality within and among countries; (11) Make cities and human settlements inclusive, safe, resilient and sustainable; (12) Ensure sustainable consumption and production patterns; (13) Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy; (14) Conserve and sustainably use the oceans, seas and marine resources for sustainable development; (15) Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss; (16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels; (17) Strengthen the means of implementation and revitalize the global partnership for sustainable development.

A summary of IRUSA's significant accounting policies follows:

Principles of consolidation: All intercompany accounts and transactions between IRUSA and the Wheeler Foundation and WAQF have been eliminated in the consolidated financial statements.

Basis of accounting: IRUSA prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Consequently, unconditional support is recognized when received, revenue is recognized when earned and expense is recognized when the obligation is incurred.

Basis of presentation: IRUSA follows Accounting Standards Codification (ASC) 958-10, Not-for-Profit Entities. Under ASC 958-205, Not-for-Profit Entities, Presentation of Financial Statements, IRUSA is required to report information regarding its financial position and activities according to two classes of net assets: Net assets with or without donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Financial risk: IRUSA maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. IRUSA has not experienced any losses in such accounts. IRUSA believes it is not exposed to any significant financial risk on cash.

Investments: Investments are stated at fair value. Investments acquired by gift or bequest are initially recorded at fair value at the date of donation. Cash held for long-term investments is reported as investments.

Receivables: Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis. The majority of IRUSA's receivables are comprised mainly of amounts billed on grants, which are billable when allowable expenditures are incurred on an approved grant. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. There was no provision for doubtful accounts at December 31, 2018.

Property and equipment: Property and equipment purchases over $5,000 are capitalized and stated at cost. Depreciation is provided using the straight-line method over estimated useful lives of the assets based on cost. The estimated useful lives of the assets range from 3 to 10 years for furniture and equipment and up to 40 years for building and improvements. Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Impairment of long-lived assets: IRUSA reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Grants payable: Grants are recognized as liabilities in the year IRUSA makes the unconditional commitment and communicates it to the grantee. These are typically paid within the next fiscal year.

Contributed services: IRUSA received services donated by its volunteers in carrying out IRUSA's mission. No amounts have been reflected in the consolidated financial statements for those services since they do not meet the criteria for recognition under ASC 958-605, Not-for-Profit Entities, Revenue Recognition.

Contributions: Unconditional contributions are recorded as support at fair value in the year a donation is received from the donor. Conditional contributions are recognized when the condition has been substantially met. Unconditional contributions with donor-imposed restrictions are reported as net assets with donor restrictions. When the stipulated purpose has been met or time constraint met, the contribution is reported as net assets without restriction.

In-kind contributions: Donated materials for use in IRUSA's operations are recorded as in-kind contribution revenue and expense at their estimated fair value, based on published wholesale prices or independent supplier quotations. When donated material is in transit, IRUSA maintains the gifts-in-kind as inventory at their estimated fair value. Donated materials are used exclusively for IRUSA's humanitarian assistance programs.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Employee leasing and related expenses are allocated based on estimates of time and efforts. Depreciation, accounting, legal, insurance, and other operating costs are allocated based on salary expense.

Advertising and marketing costs: IRUSA follows the policy of charging the production costs of advertising and marketing to expense (as incurred). Advertising and marketing expense for the year ended December 31, 2018, was $2,414,104.

Employee leasing and related expenses: IRUSA has entered into an employee leasing agreement with TriNet, a licensed professional employer organization, to share several important employer responsibilities. Therefore, as co-employers, IRUSA and TriNet have agreed that TriNet is the employer of record for administrative purposes and issues payroll, administers benefits and provides certain human resources services while IRUSA retains the responsibility as the worksite employer for directing their day-to-day work and IRUSA's business affairs.

Foreign currency transactions: Expenses that are incurred in foreign currencies are converted into U.S. dollars at the rate of exchange in effect during the month of the transaction. Gains and losses from foreign currency transactions are included in change in net assets.

Use of estimates: The preparation of the consolidated financial statements 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: IRUSA is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, IRUSA qualifies for charitable contributions deductions and has been classified as an organization that is not a private foundation. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. There was no net tax liability for unrelated business income tax at December 31, 2018.

Management has evaluated IRUSA's tax positions and has concluded that IRUSA has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of the guidance for uncertainty in income taxes. IRUSA files tax returns in the U.S. federal jurisdictions. Generally, IRUSA is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2015.

Comparative financial information: The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with IRUSA's consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Adoption of recent accounting pronouncement: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The ASU will be effective for fiscal years beginning after December 15, 2017. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management has adopted this guidance in its December 31, 2018, consolidated financial statements. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of nonprofit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a nonprofit entity's liquidity, financial performance and cash flows. Net asset classifications are reduced from three to two categories: net assets without donor restrictions and net assets with donor restrictions. The nature and amount of net assets with and without donors restrictions are included as footnote disclosures. Additional quantitative and qualitative disclosures are required to communicate information related to IRUSA's short-term liquidity and investment fees are presented net of investment income. Additionally, a consolidated statement of functional expenses is required to be presented. The remaining provisions are not applicable to IRUSA's consolidated financial statement presentation, or were optional under past accounting guidance and were previously elected to be included in IRUSA's consolidated financial statements.

Accounting pronouncements pending: In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The purpose of the ASU is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in the ASU should assist entities in: (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments in the ASU likely will result in more grants and contracts being accounted for as either contributions or conditional contributions than observed in practice under current guidance. The amendments in the ASU should be applied on a modified prospective basis although retrospective application is permitted. Entities should apply the amendments for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. Entities should apply the amendments for transactions in which the entity serves as the resource provider to annual periods beginning after December 15, 2019.

Subsequent events: IRUSA evaluated subsequent events through __________, 2019, which is the date the consolidated financial statements were available to be issued.

Note 2. Liquidity

IRUSA regularly monitors liquidity required to meet its annual operating needs and other contractual commitments.

The following table reflects the IRUSA's financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the consolidated balance sheet date because of contractual restrictions. Amounts not available include net assets with donor restrictions not expected to be met within a year.

Financial assets at year-end:	
Cash	$ 52,105,817
Accounts receivable	218,310
Investments	7,021,372
Total financial assets	59,345,499
Less amounts not available to be used within one year:	
Net assets with purpose restrictions to be met in less than a year	22,004,083
Financial assets available to meet general expenditures over the next twelve months	$ 37,341,416

Note 3. Investments

Investments at December 31, 2018, consist of the following:

Common stock	$ 3,215,918
Exchange traded funds	608,095
Cash and money market accounts	174,209
Mutual funds	631,519
Alternative investment	2,391,631
	$ 7,021,372

Investment loss for the year ended December 31, 2018, consist of the following:

Realized loss on investments	$ (237,383)
Investment fees	(52,092)
	$ (289,475)

Note 4. Property and Equipment

Property and equipment and accumulated depreciation consist of the following at December 31, 2018:

Asset Category	Estimated Lives	Cost	Accumulated Depreciation	Net
Land	-	$ 1,303,279	$ -	$ 1,303,279
Building and building improvement	3 - 40 years	3,043,227	724,765	2,318,462
Furniture and equipment	3 - 7 years	1,056,660	542,650	514,010
Vehicles	3 - 5 years	35,000	7,000	28,000
		$ 5,438,166	$ 1,274,415	$ 4,163,751

Depreciation expense for the year ended December 31, 2018, was $340,988.

Note 5. Restricted Net Assets

Changes in net assets with donor restrictions for time and purpose during 2018 are as follows:

	Beginning Balance	Additions	Releases From Restrictions	Ending Balance
Development	$ 555,852	$ 777,592	$ (270,128)	$ 1,063,316
Education and training	461,616	160,142	(621,758)	-
Emergency and Relief	7,018,281	13,537,375	(16,665,250)	3,890,406
Health and nutrition	-	124,900	(22,940)	101,960
Income generation	195,300	225,338	(420,638)	-
Orphans	1,407,803	13,959,519	(7,387,762)	7,979,560
Udhiya/Qurbani and Feed the Needy	-	6,301,307	(5,519,438)	781,869
Zakat and Sadaqa	4,285,175	11,930,955	(8,029,158)	8,186,972
	$ 13,924,027	$ 47,017,128	$ (38,937,072)	$ 22,004,083

Note 6. Contributions

The breakdown of the category of contributions for the year ended December 31, 2018, are as follows:

	With Donor Restrictions	Without Donor Restrictions	Other Income	Total
Development	$ 11,930,955	$ -	$ -	$ 11,930,955
Education and training	13,959,519	-	-	13,959,519
Emergency and relief	13,537,375	-	-	13,537,375
Health and nutrition	6,301,307	-	-	6,301,307
Income generation	124,900	19,628,435	45,754	19,799,089
Orphans	777,592	-	-	777,592
Udhiya/Qurbani and Feed the Needy	225,338	-	-	225,338
Zakat and Sadaqa	160,142	11,802,064	-	11,962,206
	$ 47,017,128	$ 31,430,499	$ 45,754	$ 78,493,381

Note 7. Gifts-In-Kind

During 2018, IRUSA received gifts-in-kind totaling $29,415,863, which consisted of $19,565,068 in pharmaceutical products and $9,850,795 in non-pharmaceutical products. Gifts-in-kind were intended for distribution in the following locations:

	Valued Amounts (USD)
Turkey	$ 18,945,266
Sudan	6,545,461
Chad	2,355,067
Macedonia	1,570,069
	$ 29,415,863

Gifts-in-kind support is recognized in circumstances in which IRUSA has sufficient discretion over the use and disposition of the items to recognize a contribution.

Types of Gifts-In-Kind

Pharmaceutical products: Include prescription and nonprescription drugs, such as general anesthetics, local anesthetics, preoperative medications, analgesics/antipyretics/anti-inflammatory/anti-rheumatic drugs, anthelminthics, antibiotics, anti-leprosy drugs, anti-malarial drugs, anti-herpes drugs, anti-migraine drugs, anti-anemia drugs (iron), anti-coagulants, anti-anginals, anti-fungal drugs, topical antibiotic creams, anti-pruritic lotions, astringents/disinfectants/antiseptics, antacids/anti-ulcer drugs, anti-hemorrhoidal drugs, oral rehydration salts, insulins and other anti-diabetic agents, water for injections and vitamins/minerals. These drugs are distributed internationally to treat various ailments that affect beneficiaries of all ages.

Note 7. Gifts-In-Kind (Continued)

Non-pharmaceutical products: Consist of non-drug medical supplies and equipment (such as sutures, scalpels, bandages, gloves and wheelchairs), newborn supplies, hygiene kits, bedding and blankets and orphans' supplies such as children's clothing, toys and school supplies. These non-pharmaceutical products were distributed to beneficiaries (1) to the needy within the United States during Islamic Relief USA's annual Day of Dignity™ and (2) internationally to those most in need, typically in areas affected by human and natural disaster.

Valuation Methodology

Pharmaceutical products: IRUSA uses fair market value for pharmaceutical donations received from January 1, 2018 through December 31, 2018.

Non-pharmaceutical products: The value of the non-pharmaceutical products are provided by the donor and is based on the fair market value at the time of donation.

Inventory: IRUSA reports gifts-in-kind expense when it distributes the gifts-in-kind for program use. IRUSA's policy is to distribute gifts-in-kind as promptly as possible, undistributed gifts-in-kind are recorded as inventory. For the year ended December 31, 2018, pharmaceutical products valued at $18,751,322 remained in customs, awaiting clearance for shipment to beneficiaries.

Note 8. Retirement Plan

IRUSA has a defined contribution 401(k) retirement plan for its leased employees. All full-time leased employees who have over a year of service are eligible to participate. Each year, IRUSA matches each employee's plan contribution in an amount not exceeding 6% of that employee's annual salary. IRUSA contributed $229,204 for the year ended December 31, 2018.

Note 9. Fair Value Measurements

IRUSA follows the Fair Value Measurement Topic of the ASC. This topic establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. The topic applies to all assets and liabilities that are being measured and reported on a fair value basis. This topic enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The topic requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, IRUSA performs a detailed analysis of the assets and liabilities that are subject to the topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Note 9. Fair Value Measurements (Continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy:

	Total	Level 1	Level 2	Level 3
Common stock:				
Technology	$ 956,139	$ 956,139	$ -	$ -
Consumer goods	682,690	682,690	-	-
Healthcare	459,650	459,650	-	-
Financial services	25,161	25,161	-	-
Industrial goods	136,533	136,533	-	-
Basic materials	142,958	142,958	-	-
Energy	88,572	88,572	-	-
Services	131,491	131,491	-	-
Communications services	38,900	38,900	-	-
Capital goods	375,806	375,806	-	-
Miscellaneous	157,810	157,810	-	-
Consumer services	14,798	14,798	-	-
Public utilities	5,410	5,410	-	-
Total common stock	3,215,918	3,215,918	-	-
Mutual funds:				
Large growth	492,350	492,350	-	-
Large blend	132,146	132,146	-	-
Equity precious metals	7,023	7,023	-	-
Total mutual funds	631,519	631,519	-	-
Exchange traded funds	608,095	608,095	-	-
Other investments measured at net asset value (NAV)	2,391,631	-	-	-
	$ 6,847,163	$ 4,455,532	$ -	$ -

The table below reconciles total investments to the consolidated balance sheet at December 31, 2018:

Investment held at fair value- Level 1	$ 4,455,532
Investment held at cost	174,209
Investments measured at NAV, equity private fund	2,391,631
	$ 7,021,372

The equity private fund is valued at its NAV per share on a monthly basis. The underlying assets of the fund are publicly traded securities for which there exists a broad, active market and the fund's shares can be redeemed without penalty quarterly with 60 days' written notice. The equity private fund's investment objective is to achieve long-term capital appreciation by investing in publicly traded equity securities of both U.S. and non-U.S. issuers, including issuers in emerging markets, but may also opportunistically make investments in other asset classes. As of December 31, 2018, there was $1,117,500 in unfunded commitments. In accordance with ASC Topic 820-10, the equity private fund is measured at fair value using the NAV per share (or its equivalent) practical expedient and has not been classified in the fair value hierarchy.

Note 10. Commitments and Contingencies

Gift in kind inventory loss: During the year ended December 31, 2018, IRUSA identified a probable loss of assets related to a distribution activity in a single overseas operating location. IRUSA is complying with the local government and keeping Globus Relief informed of the situation. As the matter is still pending resolution, IRUSA has adjusted the inventory and revenue in 2018 for the unaccounted inventory of $10,264,651.

Litigation: From time to time, IRUSA is involved in claims and legal actions arising in the ordinary course of business. Based upon information currently available, management believes the ultimate disposition of these matters will not have a material adverse effect on its consolidated financial position, changes in net assets or cash flows.