



2009

# ANNUAL REPORT



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Islamic Relief USA operates in conjunction with the Islamic Relief Worldwide family. IR USA is an independent, 501(c)(3) organization, providing grants to Islamic Relief Worldwide projects around the world. This relationship is not exclusive as IR USA also provides grants and works in partnership with other non-governmental entities. This report includes efforts of both Islamic Relief USA and Islamic Relief Worldwide (IRW) field offices, including Islamic Relief Palestine and Islamic Relief Pakistan.

*Bismillahir rahmanir raheem* (In the name of God, the most Gracious, the most Merciful)

*As-Salaamu Alaykum wa Rahmatullahi wa Barakatuh.* (May the peace, mercy and blessings of Allah be upon you.)

2009 was a year of challenges and tests for many around the world. Millions of people — including women, children, the elderly and the disabled — faced hardships not just at the hands of man but also due to the wrath of nature.

From the death and destruction in Gaza, to the millions displaced in Pakistan, to those suffering from the twin earthquakes in the Pacific Rim, Islamic Relief USA responded through international partners to provide vital aid that helped rescue and stabilize the lives of more than 600,000 people.

Despite our hard work, millions continued to suffer in Africa; the people of Kashmir are still surviving on dwindling resources and the children of China struggled to attain education and regain a sense of normalcy in their lives following the 2008 earthquake. Due to our dedication to easing the suffering of humanity, Islamic Relief made sure it was at the forefront of providing essential aid and services following global calamities.

Within hours of the Gaza emergency, Islamic Relief-Palestine staff members risked their lives to help provide food, health care, shelter and/or psychosocial support to more than 400,000 people. In Pakistan's Swat Valley, Islamic Relief was one of the first organizations to welcome those fleeing the violence. Working with global partners, Islamic Relief set up camps for the displaced, provided food and water, constructed sanitation facilities, and set up "mercy centers" to help displaced children continue their schooling and overcome psychological trauma.

While emergencies were a sizeable part of our work in 2009, we also continued to provide much-needed relief and services to people in need all over the world. Our development projects in Mali, Kashmir, China and in many other vulnerable places continued to make a difference in the lives of needy people.

Islamic Relief is proud of its dedication to serve those in need in remote and hard-to-access areas, and this could not have been possible without the support of donors and friends and like you.

Thank you for making a difference in the lives of those suffering. May Allah bless you now and always for your efforts.

Sincerely,



Abed Ayoub  
Chief Executive Officer



# Mission

To strive to alleviate suffering, hunger, illiteracy and diseases worldwide without regard to color, race, religion or creed and to provide aid in a compassionate and dignified manner; to provide rapid relief in the event of manmade or natural disasters and to establish development projects in needy areas to help tackle poverty, illiteracy and diseases at a local level.

# Directors

- Dr. Yaser M. Haddara, Ph.D. – Chairman
- Dr. Ihab M. Hamdi Saad, Ph.D. – Vice President
- Aamir A. Rehman – Audit Committee Chair
- Andrea Borgmann-Traiba – Director
- Naser HagHamed – Director
- Mohamed Amr Attawia – Director
- Beverly Perez, Esq. – Corporate Secretary

# Officers

- Abed Ayoub – Chief Executive Office (CEO)
- Dr. Mohamed Ashmawey – Chief Financial Officer (Acting)
- Beverly Perez, Esq. – Corporate Counsel
- Anwar Khan – Vice President of Fund Development
- Khaled Falah – Vice President of Support

## Purposes (for which contributions will be used)

- a. Emergency and relief: To provide food, water & sanitation, health services, livelihood support, and other essential services to the victims of disasters around the world.
- b. Education and training projects: To provide education and to underserved communities with special emphasis on children and youth.
- c. Income generation projects: To increase sources of fixed income for poor families; to restore and promote the local economy and to support families to increase opportunities for success and financial independence.
- d. Health and nutrition projects: To provide essential healthcare and medicine to poor communities and integrated health programs aimed at caring for children traumatized and injured by armed conflict and crisis; to help people in adapting to their social surroundings; to offer medical aid and to care for mothers and children in areas that lack adequate health services.
- e. Orphans projects: To provide education, health care, and living expense support to orphans in order to improve their living standards.
- f. Udhiyah/Qurbani projects: To distribute donated fresh or canned meat to the needy during Muslim holy festivals.
- g. Development projects: To develop communities by building community centers and training centers for vocational training, and by developing the skills and abilities of the different communities locally and abroad.
- h. Zakat & Sadaqa projects: To provide basic aid including food, rent, clothing, and medical supplies to those living below the poverty line.

# Gaza: Helping a Struggling and Devastated People

The year 2009 began in Gaza with a 22-day conflict that left hundreds of thousands of people in desperate need of support. Islamic Relief USA responded immediately by launching a \$10 million emergency appeal, while the Islamic Relief family, including Islamic Relief Palestine, worked to ensure the continued provision of humanitarian aid throughout the violence and beyond.

## **QUICK FACTS** (SOURCE: UNITED NATIONS)

- More than 1,400 Gazans killed
- Estimated 5,000 injured
- Nearly 51,000 Gaza residents displaced
- More than 4,000 homes destroyed
- Around \$2 billion worth of damage to Gaza

(SOURCE: UNITED NATIONS)

## **ISLAMIC RELIEF PALESTINE'S RESPONSE**

### **WITHIN HOURS:**

- Delivered \$126,000 worth of medicine and medical supplies to Gaza's hospitals
- Delivered food packs to displaced people

### **DURING THE HEIGHT OF CONFLICT:**

- Distributed food, hygiene kits, kitchen sets and jerry cans to thousands of Gazans
- Provided mattresses and blankets to hundreds of displaced families

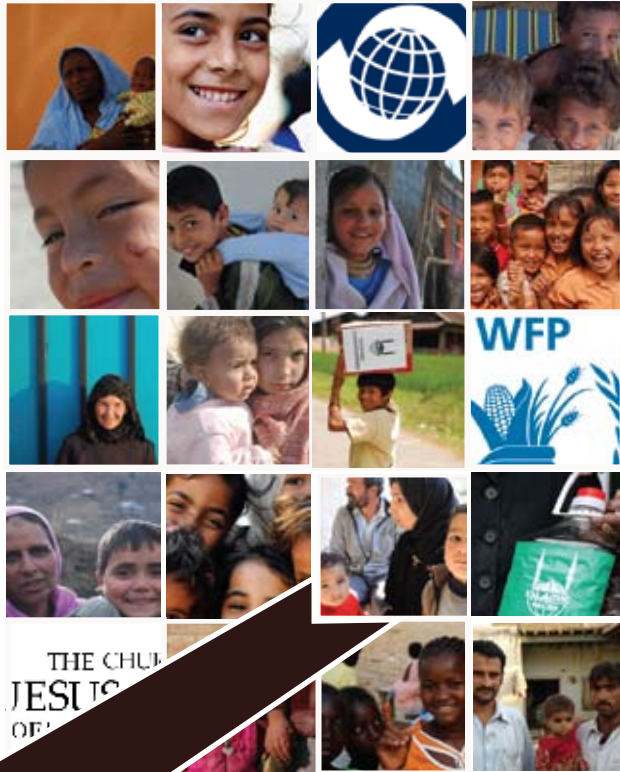
### **DURING THE RECOVERY PHASE, ISLAMIC RELIEF USA:**

- Provided funding support for the Family Sponsorship Program to ensure that needy families in Gaza have access to food, water and other basic needs;
- Provided funding support for a School Feeding Program to combat malnutrition by supplying daily fortified meals to students in Gaza schools; and
- Provided funding support to increase the capacity of emergency and intensive care units at main Gaza hospitals by providing necessary medical equipment and supplies.









## ABOUT GAZA

- 80 percent of Gazans rely on foreign aid for survival (Source: UNRWA)
- 95 percent of Gaza's industry destroyed by violence and border closures (Source: Amnesty International)
- Only 10 percent of Gaza's water is safe to drink (Source: Amnesty International)
- 4 out of 5 Gazans live below the national poverty line (Source: CIA World Factbook)

In addition to the projects specifically funded by IR-USA, Islamic Relief Palestine is still currently helping thousands of Gazans through a wide variety of projects with the help of other members of the Islamic Relief family of charities, including:

- Water and sanitation projects helping provide clean water to tens of thousands of Gazans
- One-to-One Orphan Sponsorship

# Islamic Relief Worldwide Helps the People of Northwest Pakistan

When violence broke out in northwest Pakistan, millions of people were forced to flee their homes, placing immense pressure on neighboring towns and villages. With hundreds of thousands in need of aid, Islamic Relief USA, in conjunction with Islamic Relief Worldwide responded immediately.

## QUICK FACTS

- Estimated 3 million people fled from Swat, Buner and Dir (Source: UN)
- About 80 percent of displaced were women and children (Source: UN)
- Pakistan government officials estimated that 60–70 percent of children were traumatized

## ISLAMIC RELIEF WORLDWIDE'S RESPONSE

- Set up water and sanitation facilities in 26 villages
- Provided more than 3,500 families with emergency relief items
- Established "Mercy Centers" for children, which offered vital services like healthcare, counseling, education
- Treated more than 11,000 patients through mobile health units



# Aid to the Pacific Rim

In September 2009, a series of devastating earthquakes shook the Pacific Rim, leaving hundreds of thousands of people in need of humanitarian support. Islamic Relief USA sprung into action, teaming up with partners across the globe to deliver aid and provide support to those affected.

## QUICK FACTS

- 8.1-magnitude quake off the coast of Samoa on Sept. 29
  1. Largest earthquake of 2009 (Source: U.S. Geology Survey)
  2. Triggered tsunami
- 7.6-magnitude quake off southern coast of Sumatra, Indonesia, on Sept. 30
  1. 1.25 million people affected (Source: Government estimates)
  2. 135,000 houses severely damaged (Source: Government estimates)
  3. More than 1,100 dead; nearly 1,700 injured (Source: Reuters)

## ISLAMIC RELIEF'S RESPONSE

- Coordinated shipment of \$600,000-worth of emergency aid supplies delivered to American Samoa
- Emergency teams in Indonesia distributed tents and emergency aid
- Established temporary schools for children
- Provided food packages and hygiene kits







## Reaching out to many in Ramadan

In Ramadan 2009, Islamic Relief Worldwide (IRW) delivered food aid in more than two dozen countries, helping vulnerable families have nutritious meals and peace of mind throughout the holy month.

From Timbuktu to Jakarta, IRW aid workers tirelessly prepared and distributed approximately 100,000 food packs, helping an estimated 500,000 people attain food security in Ramadan.

### **Support reaches rural Egypt**

In the rural village of Ayyat, Egypt, there stands a simple house made from mud with a roof of palm leaves. The house is just one room and contains no kitchen, bathroom, running water

or electricity. The house is even devoid of basic furniture such as beds or a table.

The humble abode belongs to 70-year-old Mouha and her husband of 40 years, 75-year-old Soliman. The elderly couple survives on a small monthly pension, which they use to purchase food, clothes and medication.

When Islamic Relief Egypt aid worker Fatma Tharwat handed the couple their Ramadan food package, they were very thankful.

“Normally, we live on bread and cheese. We don’t eat every day and often go to sleep without supper. We never eat meat or even vegetables.”

Tharwat later reflected on the incident in a blog entry.





“As Soliman went through the food items with overwhelming joy and handed them to Mouha, I thought of the donors around the world and how far their generosity had come—all the way to an elderly couple in a small village in Egypt,” Tharwat wrote. “Their dedication and devotion helped us reach the poorest of the poor, and that makes all the difference.”



# Udhiyah/Qurbani: Sharing Joy with Others

Every Eid al-Adha, the Islamic festival of sacrifice, Muslims around the world enjoy meat with their families and loved ones, saving a portion for the less fortunate. Islamic Relief helps donors share Udhiyah/Qurbani meat with vulnerable families across the globe. In 2009, Islamic Relief Worldwide's Udhiyah/Qurbani meat distributions benefitted more than 2 million people, giving struggling families a chance to celebrate during the Eid holiday instead of begging for food. Many of Islamic Relief's Udhiyah/Qurbani beneficiaries rarely eat nutritious food, and meat is a rare treat for them.





“The Qurbani packages that Islamic Relief gives us are really important,” said Diakite, a father of five. “Thanks to the support of Islamic Relief’s donors, we were able to celebrate this special day like other Muslim families.”

# Mali: Bitten by Malaria

Malaria is known to be one of the oldest diseases affecting humanity. While its specific age is still debated, its deadly impact on human beings is not.

In Mali, where malaria is often the first cause of death, especially among pregnant women and young children, Islamic Relief USA's malaria-focused health projects are saving thousands of lives.

## DID YOU KNOW?

- More than 70 percent of Mali's people live below the poverty line (Source: 2009 UN Human Development Report)
- Malaria is endemic to more than 90 percent of Mali's population (Source: World Health Organization)
- Officials estimate that nearly 2 million new cases of malaria are reported each year (Source: Mali Government Official Estimates)

## HOW ISLAMIC RELIEF USA

### IS SAVING LIVES:

- Opening malaria clinics that treat hundreds of patients each day
- Administering tests and providing medicine for infected patients
- Distributing insecticide-treated bed nets to help Malians sleep without risk of infection





## Caring for Kashmir

Even before the 7.6-magnitude earthquake struck in 2005, health facilities in Kashmir were severely limited. Many people struggled to obtain the medical care and treatment they needed.

After the quake, the situation deteriorated to the point it became near impossible to obtain timely healthcare services in Kashmir. Nearly half of all health facilities in the eight affected districts of Pakistan-administered Kashmir and the Khyber-Pakhtunkhwa (KPK) were completely destroyed or seriously damaged. Many medical

professionals tragically lost their lives or sustained serious injuries in the disaster as well, leaving a severe shortage of trained healthcare personnel.

With the assistance of our generous donors, Islamic Relief USA funded the construction and equipment costs for a Basic Health Unit (BHU), which serves over 40,000 residents in Battal and the surrounding mountainous areas.

The health center includes a mother and child healthcare unit, delivery room, operating room, vaccination center and pharmacy.









Accommodations for health staff are also provided, which helps ensure retention of quality medical professionals in remote, rural Battal.

Patients are very thankful for the newly constructed health center, including Mir Muhammad Munier, an elder from the Battal community.



# China's Growing Need

Many Chinese are living in crisis. Millions live on less than \$1 a day, while an estimated 360 million do not have access to safe drinking water. Rural residents in China are especially suffering.

Islamic Relief has adopted a holistic approach to tackling China's poverty.

In Sichuan province, Islamic Relief is assisting more than 300 households through various projects, including the construction of a school and health clinic.

Islamic Relief is also providing water supply systems for domestic use as well as agricultural irrigation, helping support local farmer

households. To help save residents money on fuel, Islamic Relief set up a marsh-gas system that provides clean and cheaper energy for cooking. This not only saves residents money, but also helps to save the environment.







THE CHURCH OF  
JESUS CHRIST  
OF LATTER-DAY SAINTS



## New Partnerships

Islamic Relief USA works with other agencies and organizations to help reach vulnerable populations in the most effective and efficient manner. In 2009, Islamic Relief USA teamed up with the U.N. World Food Program (WFP) and the Association of Physicians of Pakistani-descent of North America (APPNA) to help deliver more aid and provide more vital services to vulnerable people around the world.

Islamic Relief USA and the WFP signed an agreement to assist the government of Jordan

in its School Feeding Project, a program that provides meals to Jordanian public school children.

In Pakistan, Islamic Relief USA is establishing a pediatric and neonatal intensive care facility after an agreement forged with APPNA. Healthcare is a vital service that many cannot access in Pakistan due to poverty and remoteness.

# FINANCIAL STATEMENTS



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Islamic Relief USA

We have audited the accompanying statement of financial position of Islamic Relief USA (IRUSA) as of December 31, 2009 and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the IRUSA's management. Our responsibility is to express an opinion on these financial statements based upon our audit. We did not audit the valuation of gifts in-kind of \$108,740,988 as of December 31, 2009, which was valued by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for gifts in-kind, is based solely on the report of the other auditors.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the accompanying statement of financial position referred to above present fairly, in all material respects, the financial position of Islamic Relief USA as of December 31, 2009, 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.

Reston, Virginia  
November 12, 2010

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# STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

## Current Assets

Cash	<b>\$20,970,778</b>
Account receivable	<b>933,274</b>
Investments	<b>182,272</b>
Prepaid expenses	<b>\$80,241</b>
Travel advances	<b>\$24,724</b>
Total Current Assets	<b>22,191,289</b>

## Non-Current Assets

Building and equipment, net	<b>2,944,090</b>
Land	<b>1,303,279</b>
Other assets	<b>\$180,854</b>
Total Non-Current Assets	<b>4,428,223</b>

Total Assets **\$26,619,512**

## Liabilities

Accounts payable	<b>\$227,981</b>
Accrued expenses	<b>12,785,990</b>
Total Liabilities	<b>13,013,971</b>

## Net Assets

Unrestricted	<b>944,324</b>
Temporarily Restricted	<b>12,661,217</b>
Total Net Assets	<b>13,605,541</b>

Total Liabilities and Net Assets **\$26,619,512**

# STATEMENT OF ACTIVITIES

DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Total
Support			
Contributions	<b>\$7,162,047</b>	<b>\$27,327,763</b>	<b>\$34,489,810</b>
Donated Stocks	<b>65,105</b>	-	<b>\$65,105</b>
In-kind contributions	<b>112,754,319</b>	-	<b>112,754,319</b>
Net assets released from restriction	<b>21,152,823</b>	<b>(21,152,823)</b>	-
Total Support	<b>141,134,294</b>	<b>6,174,940</b>	<b>147,309,234</b>
Expenses			
Program Services	<b>136,993,074</b>	-	<b>136,993,074</b>
Management and general	<b>4,735,004</b>	-	<b>4,735,004</b>
Fundraising	<b>4,243,882</b>	-	<b>4,243,882</b>
Total Expenses	<b>145,971,960</b>	-	<b>145,971,960</b>
Other Income			
Interest income	<b>1,049</b>	-	<b>1,049</b>
Unrealized gain on investments	<b>14,053</b>	-	<b>14,053</b>
Total Other Income	<b>15,102</b>	-	<b>15,102</b>
Change in net assets	<b>(4,822,564)</b>	<b>6,174,940</b>	<b>1,352,376</b>
Net assets, beginning of year	<b>6,453,587</b>	<b>6,486,277</b>	<b>12,939,864</b>
Prior period adjustment	<b>(686,699)</b>	-	<b>(686,699)</b>
Net assets, beginning of year as restated	<b>5,766,888</b>	<b>6,486,277</b>	<b>12,253,165</b>
Net assets, end of year	<b>\$944,324</b>	<b>\$12,661,217</b>	<b>\$13,605,541</b>

# STATEMENT OF CASH FLOWS

DECEMBER 31, 2009

Cash Flows From Operating Activities	
Change in net assets	<b>\$1,352,376</b>
Adjustments to reconcile change in net assets to net cash from operating activities:	
Unrealized gain on investments	<b>(14,053)</b>
Donated stocks	<b>(65,105)</b>
Prior period adjustment	<b>(686,699)</b>
Depreciation	<b>200,592</b>
(Increase) decrease in assets:	
Accounts receivable	<b>(52,409)</b>
Prepaid expenses	<b>(7,179)</b>
Travel advances	<b>31,699</b>
Other assets	<b>(121,493)</b>
Increase (decrease) in liabilities:	
Accounts payable	<b>(3,946,672)</b>
Accrued liabilities	<b>12,106,161</b>
Net Cash from Operating Activities	<b>8,797,218</b>
Cash Flow From Investing Activities	
Acquisition of furniture and equipment	<b>(300,202)</b>
Net Increase in cash	<b>8,497,016</b>
Cash, beginning of year	<b>12,473,762</b>
Cash, end of year	<b>\$20,970,778</b>



# STATEMENT OF FUNCTIONAL EXPENSES

DECEMBER 31, 2009

	Program	Management & General	Fundraising	Total
In-Kind donations sent to relief sites	\$ 112,754,319	-	-	112,754,319
International grants	20,632,081	-	-	20,632,081
Handling and related costs	1,348,807	-	-	1,348,807
Domestic grants	837,173	-	-	837,173
Employee leasing and related expenses	582,520	2,853,414	1,383,167	4,819,101
Professional fees	211,008	228,979	31,154	471,141
Travel	280,781	219,920	551,195	1,051,896
Printing	105,399	18,151	159,472	283,022
Postage	44,758	72,491	112,564	229,813
Bank charges and credit card fees	-	-	379,712	379,712
Accounting & legal fees	-	384,450	96,025	480,475
Equipment and location rent	23,489	213,268	246,214	482,971
Insurance	5,077	38,102	708	43,887
Tax & licenses	39,593	44,846	1,230	85,669
Computer hardware and equipment	693	82,980	1,774	85,447
Professional education and training	2,882	8,550	28,009	39,441
Conference & meeting	59,914	36,725	483,240	579,879
Telecommunications	9,869	105,781	44,348	159,998
Office expenses	5,141	104,985	26,252	136,378
Depreciation	-	200,592	-	200,592
Catering	-	-	153,282	153,282
Honorarium	-	-	117,275	117,275
Advertising & marketing	35,188	113,915	377,954	527,057
Miscellaneous	14,382	7,855	50,307	72,544
<b>Total</b>	<b>\$ 136,993,074</b>	<b>\$ 4,735,004</b>	<b>\$ 4,243,882</b>	<b>\$145,971,960</b>

**ISLAMIC RELIEF USA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**Note 1 – Organization and Operations**

Islamic Relief USA (IRUSA), a 501(c) (3) was organized under the Nonprofit Public Benefit Corporation Law and Section 23701(f) of the California Revenue and Taxation Code. IRUSA provides relief and development work in underdeveloped and war torn countries. IRUSA provides food, clothing, and medicine to the needy on a worldwide basis through governmental organizations and relief agencies. IRUSA assists in the establishment and operation of training centers, schools, hospitals, clinics, and other projects that serve refugees throughout the world. The majority programs are administered through grants awarded to Islamic Relief Worldwide based in United Kingdom.

The 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 a man-made disaster such as earthquakes, floods and wars, and provides 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 food packages to needy families containing food staples such as rice, beans, sugar and cooking oil, in quantities meant to last for approximately one month.

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 5kg of fresh 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 Project

The orphan assistance project provides healthcare, education, nutrition, income and shelter assistance to needy orphans worldwide.

Income generation projects

These projects are designed to increase sources of fixed income for poor families; restore and promote the local economy; support families and increase opportunities for success and continuous production.

**ISLAMIC RELIEF USA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

Health and nutrition projects

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

Domestic Projects

Every Ramadan, Islamic Relief provides food, clothing, medical care, and social services to people living in the most poverty-stricken areas in the United States. Currently known as the 'Day of Dignity' and formerly known as 'Humanitarian Day', this project is now in its eighth year and has benefited thousands of Americans. Some of Islamic Relief's other domestic projects include the continuing support of the UMMA Community Clinic, toy drives for disadvantaged children, and community support programs. Working with mosques and community organizations, IRUSA also provides emergency financial assistance to families in need through its Zakah Program.

In addition, IRUSA supports the United Nations "Millennium Development Goals" and works on humanitarian projects that promote these following goals: (1) eradicate extreme poverty and hunger; (2) achieve universal primary education; (3) promote gender equality and empower women; (4) reduce child mortality; (5) improve maternal health; (6) combat HIV/AIDS, malaria and other diseases; (7) ensure environmental sustainability; and (8) promote global partnership for development.

**Note 2 – Summary of Significant Accounting Policies**

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of IRUSA and its wholly-owned nonprofit subsidiary, 88 Wheeler Foundation, LLC. The Wheeler foundation is a non-profit organization incorporated under the laws of Virginia. All significant intercompany transactions and balances have been eliminated in the consolidation.

Basis of Accounting

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

Basis of Presentation

IRUSA follows Accounting Code Codification 958-10, "Not-For-Profit Entities," (SFAS No. 117, "Financial Statements of Not-for-Profit Organizations.") Under ASC 958-205. "Not-For-Profit Entities, Presentation of Financial Statements", the IRUSA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, restricted, and permanently restricted. At December 31, 2009, the Organization had no permanently restricted net assets.

Income Tax Status

IRUSA is exempt from federal income taxes under Section 501(c)(3) of Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

**ISLAMIC RELIEF USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

Cash and Cash Equivalents

IRUSA considers all cash on hand, cash in banks, money market accounts, and highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. Market value approximates carrying amounts.

Investments

Investments are stated at fair value. Investments acquired by gift or bequest are recorded at fair value at the date of donation.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets based on cost. The estimated useful lives of the assets range from three to ten years for furniture and equipment and up to forty 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.

Estimates

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

Contributed Services

IRUSA received services donated by its members in carrying out IRUSA's mission. No amounts have been reflected in the 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

Contributions are recorded as revenue in the year donation is received from the donor. Donor restricted contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions. Contributions received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Recent Accounting Pronouncements

In May 2009, the Financial Accounting Standards Board (FASB) issued ASC 855-10 (SFAS No. 165), "Subsequent Events", which establishes standards of accounting for events that occur after the statement of financial position date, but before financial statements are issued. ASC 855-10 requires disclosure of the date through which an entity has evaluated subsequent events and the basis for the date. This standard is effective for interim or annual financial periods ending after June 15, 2009. See Note 15 for management's evaluation of subsequent events in accordance with ASC 855-10.

The FASB issued ASC 105-10 (SEAS No. 168), "Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles", which became the source of authoritative U.S. Generally Accepted Accounting Principles (GAAP) recognized by the FASB to be applied by nongovernmental entities upon its effective date. This standard is effective for interim or annual financial periods ending after September 15, 2009. The financial statements include references to the ASC.

**Note 3 - Fair Value of Financial Instruments**

**ISLAMIC RELIEF USA**  
**NOTES TO FINANCIAL STATEMENTS**  
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Accounting Standard Codification 820-10, "Fair Value Measurement Disclosure," (FASB Statement No. 157) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under ASC 820-10 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in the active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Marketable Securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

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The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective value or reflective of future fair values. Furthermore, while the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within fair value hierarchy, the Organization's assets at fair value as of December 31, 2009:

**Investment at Fair Value as of December 31, 2009**

	Level 1	Level 2	Level 3	Total
Marketable Securities	\$ 182,272	\$ -	\$ -	\$ 182,272

**Note 4 – Concentration of Risk**

Financial instruments that subject IRUSA to a concentration of credit risk consist of deposits with financial institutions that exceeded the Federal insurance limits of \$250,000. Funds in excess of Federal insurance limits totaled \$20,715,183 as of December 31, 2009. The at-risk amount changes daily depending on the actual account balances with the respective financial institution.

**Note 5 – Property and Equipment**

Property and equipment consist of the following at December 31, 2009:

Building	\$ 2,606,557
Furniture and equipment	607,726
Leasehold improvements	255,283
Website development in progress	60,472
Total cost	3,530,038
Accumulated depreciation and amortization	(585,948)
Property and equipment (net)	<u>\$ 2,944,090</u>

Depreciation expense for the year ended December 31, 2009 was \$200,592.

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**Note 6 – Support and Revenue**

The break down of the category of the contribution and in-kind donations for the year ended December 31, 2009 are as follows:

Qurbani & Aqiqa Programs	\$ 1,469,419
Feed the Needy Programs	621,138
Emergency Relief Programs & Services	115,926,680
Orphan Programs	6,136,287
Zakat, & Sadaqa, & Zakat-ul-fitr	5,781,479
International Development Programs	2,171,728
Palestine Program	11,630,636
Sadaqa Jaraya	3,524,446
Eid Gifts	8,173
Domestic Programs	39,248
Total	<u>\$ 147,309,234</u>

**Note 7 – Lease Commitment**

IRUSA leases office spaces under non-cancelable operating leases in multiple states. In addition, IRUSA leases a vehicle under non-cancelable operating lease. The future minimum non-cancelable lease payments under operating agreements are as follows:

Year ending December 31,	
2010	\$ 213,396
2011	134,182
2012	57,807
Total	<u>\$ 405,385</u>

Rent expense for the year ended December 31, 2009 was \$220,296.

**Note 8 – Related Party Transactions**

IRUSA administers various programs worldwide through grants awarded to Islamic Relief Worldwide based in United Kingdom, a related party. During 2009, IRUSA incurred \$20,031,373 in grant expenses for these projects through Islamic Relief Worldwide.

**Note 9 – Gifts-In-Kind**

During 2009 IRUSA received gifts- in-kind totaling \$112,754,319, which consists of pharmaceutical products of \$108,740,988 and other products totaling \$4,013,331. The value of pharmaceutical products is based on the fair market value of the products at the time of shipment as determined by reference to published pharmaceutical industry sources. The value of the non pharmaceutical products is based on the fair market value at the time of donation.

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**Note 10 – Temporarily Restricted Net Assets**

At December 31, 2009, temporarily restricted net assets consist of funds designated for the following:

Palestine	\$ 9,884,267
Asia	963,487
Middle east	421,807
Zakat Al Fitr	634,477
Chechnya	9,530
Sadaqa and Sadaqa Jarayah	538,336
Water projects	209,313
Total	<u>\$ 12,661,217</u>

**Note 11 – Functional Expenses**

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

**Note 12 – Compensated Absences**

Employees of IRUSA are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. Except for accrued vacation, no liability has been recorded in the accompanying financial statements for compensated absences. As of December 31, 2009, accrued vacation was \$152,133.

**Note 13 – Subsequent Events**

IRUSA has evaluated subsequent events through September 24, 2010. There were no events noted that required adjustments or disclosure in the financial statements.

**Note 14 – Prior Period Adjustment**

A prior period adjustment is made to record pledges made for international grants awarded as of December 31, 2008 that was not recorded. The adjustment decreases beginning unrestricted net assets by \$686,699 and increases accrued liabilities by \$686,699.

# INTERNATIONAL GRANTS

## 2009 YEAR IN REVIEW

<b>WHAT:</b> Description of services or benefits	<b>WHERE:</b> City & State
<b>Eyesight Rehabilitation Project</b> Provides cataract surgery to low-income residents of Kabul to reverse blindness	Kabul, Afghanistan
<b>Shallow Well in Balkh Province</b> Will install 2,000 shallow wells in Balkh Province to provide clean water and accessible water to residents	Balkh Province, Afghanistan
<b>Provision of Looms in Shoor Tapa District</b> Provides ergonomically correct looms to women and children which reduce back pain and disability to income earners. Eliminates the need for loom users to resort to opium as a painkiller due to back strain and injury.	Shoor Tapa District, Afghanistan
<b>Vocational Training and Employment Support Services</b> Comprehensive job training, tools, and placement services for low-income in four locations throughout Bangladesh, including Dhaka and Cyclone Sidr areas. Examples are sewing / tailor training and a sewing machine, cell phone repair, and computer repair.	Bangladesh, country-wide
<b>Huanxiang 220 Rainwater Catchment and Storage Cellar Construction Project</b> Construction of 220 rainwater catchment and storage cellars in an arid region of Huanxiang for the residents	Huanxiang Province, China
<b>Haiyuan Ecological Mgmt Demo Project For Sustainable Rural Development</b> Comprehensive rural development program that includes solar panels, rainwater storage cellars, and multi-season livestock shelters	Haiyuan Province, China
<b>Fuyun Integrated Development Project in Xianjiang</b> In a very underserved and remote area of China near Uzbekistan, a comprehensive rural development program that includes solar panels, rainwater storage cellars, and multi-season livestock shelters	Xianjiang Province, China
<b>Tongjiang education, health, and water supply project</b> In a remote mountainside village, this project involves a school reconstruction project, gas-marsh stoves, community water cellars, and reconstruction of the health clinic for entire village of 2,000 residents	Sichuan Province, China
<b>Early Intervention and rehab Center (EIRC)</b> Provides rehabilitation and early childhood education for 330 children with special needs in a low income district in Cairo	Helwan District, Cairo, Egypt
<b>Sustainable Livelihood Project in Upland and Post Conflict Areas of Aceh Province</b> Provides income generating projects for conflict-affected residents of Aceh Province. Tailor/clothing-making, small engine repair, computer repair, metalwork, construction, carpentry, and motorcycle repair/maintenance.	Aceh Province, Indonesia
<b>Community WatSan/Hygiene Promotion in West Java</b> "WatSan" means "water sanitation". Two part project: building wells for water catchment and distribution and providing hygiene education to prevent the spread of sickness and water-born diseases	West Java, Indonesia
<b>Child Friendly Village - South</b> An integrated development project that provides education support, healthcare, and access to community wells to vulnerable children in south of Bamako, Mali	Near Bamako, Mali
<b>Malaria Project</b> Provides insecticide-treated anti-malarial mosquito nets, medical care, rapid testing, and insecticide spray for homes to Mali residents	Near Bamako, Mali
<b>Mali Vulnerable children</b> An integrated development project that provides education support, healthcare, and access to community wells to vulnerable children in Mali	Djitoumou, Mali

<b>WHAT:</b> Description of services or benefits	<b>WHERE:</b> City & State
<b>KERR Emergency Rehab (AKA PAK BHU)</b> Construction of 4 basic health units (small health clinics) in Kashmir Region, Pakistan	Kashmir, Pakistan
<b>Community Livelihood Improvement Project (CLIP)</b> Integrated development project that includes providing health care, microcredit loans, and education support	Bagh Province, Pakistan
<b>Family Sponsorship in GAZA</b> Support for families to offset medical, education and food costs with a monthly stipend.	Gaza, Palestine
<b>School Feeding for Students in GAZA</b> Free breakfast and lunch program for malnourished school students in elementary schools throughout Gaza.	Gaza, Palestine
<b>Increasing Capacity of Emergency and ICU Departments</b> This project provides medical supplies and needed equipment to hospitals in Gaza.	Gaza, Palestine
<b>School Bags and Stationary for Children</b> Provided school bags and supplies to children in the Russian Federation.	Grozny, Chechnya
<b>Livelihood Support to Orphan Families</b> This is a microcredit program geared towards orphan children and their guardians.	Grozny, Chechnya
<b>Vocational Training Center for Orphans</b> Provides vocational training for high school students in Chechnya.	Grozny, Chechnya
<b>Providing Education Support to IDP's in Darfur</b> This program operates a school in the refugee camp in El Geneina camp in West Darfur, Sudan for internally displaced persons.	El Geneina refugee camp, West Darfur, Sudan
<b>Indonesia Emergency</b> This project provided emergency relief in water/sanitation and supplies after hurricanes in Indonesia.	West Java, Indonesia
<b>Orphans 1 to 1</b> A monthly stipend that provides support to orphans in housing, school and medical expenses. See below for more details.	Afghanistan Albania Bangladesh Bosnia Chechnya Ethiopia India Indonesia Iraq Jordan Kenya Kosovo Lebanon Mali Niger Pakistan Palestine South Africa Sri Lanka Sudan Somalia Yemen

# DOMESTIC GRANTS

## 2009 YEAR IN REVIEW

<b>WHAT:</b> Description of services or benefits	<b>WHERE:</b> City & State
<b>Qurbani</b> Provides fresh, frozen or canned meat to needy families during the Islamic holiday, Eid al Adha. See details below.	Afghanistan Bangladesh Chad China Egypt Ethiopia India Indonesia Kenya Malawi Mali Niger Pakistan Somalia Sri Lanka Sudan Yemen
<b>Ramadan Feed Needy</b> Provides food packages to needy families of staples items during the Islamic month of Ramadan. See details below.	Bangladesh Jordan China India Ethiopia Mali Niger Yemen Chechnya Pakistan Afghanistan Sudan Palestine
<b>Baluchistan WATSAN</b> Provides wells and hygiene education to needy communities in Baluchistan.	Baluchistan, Pakistan
<b>NWFP Emergency Phase 1</b> The NWFP project was an integrated response effort for the IDPs affected by the conflict in the summer of 2009.	Mardan District, Pakistan
<b>Nokundi &amp; Chaggai Health</b> This project was providing mobile health care and clinics to impoverished communities in Kashmir.	Kashmir, Pakistan
<b>Emergency Transitional Shelter Project for Earthquake Affectees in Baluchistan</b> Provided tents, hygiene kits and medical supplies for those affected by the 2008 earthquake in Baluchistan.	Baluchistan, Pakistan
<b>Winterization, Afghanistan</b> Provided tents and non food items, as well as clothing for needy residents of Kabul.	Kabul, Afghanistan
<b>Kabul Integrated Family Development Center Afghanistan</b> Training and education center for women in Kabul for skills and job training.	Kabul, Afghanistan
<b>Baluchistan Education Program, Pakistan</b> Provided school facilities and teacher training for beneficiaries in Baluchistan.	Baluchistan, Pakistan
<b>Emergency intervention, Gaza strip Palestine</b> Provided medical supplies and equipment to conflict affected residents to Gaza Strip.	Gaza, Palestine
<b>Al-Askar Camp, Palestine</b> This is a large primary school being constructed in the Al Askar refugee camp, in coordination with UNRWA.	Al Askar refugee camp, West Bank, Palestine

<b>WHAT:</b> Description of services or benefits	<b>WHERE:</b> City & State
IRUSA awarded a \$10,000.00 grant to cover operating costs of a health clinic , which serves homeless women and children under the poverty line in Baltimore	Baltimore, MD
IRUSA awarded a \$100,000.00 grant for operating, maintenance, and subsidy of the "Oak Leather Knoll Housing Project" which is 8 townhouses built with design features to provide disabled, needy residents with greater accessibility near Burke, VA	Fairfax, VA
IRUSA awarded a \$10,000.00 grant to assist with operating costs associated with a "Education & Health Care Program" partnership program to provide health insurance for uninsured community members	Santa Clara, CA
IRUSA awarded a \$10,000.00 grant to assist with operating costs of a "Homeless Help Project", which provides housing and warming centers to the homeless in Irvington, NJ	Irvington, NJ
IRUSA awarded a \$10,000.00 grant payment to cover student tuition of financially needy students and applicants in Alexandria, VA	Alexandria, VA
IRUSA awarded a \$50,000.00 grant payment to cover scholarships for 25 full time students to attend college in Michigan	Dearborn, MI
IRUSA awarded a \$2,600.00 grant payment for a "Women of Peace" program, which covers costs associated with the painting of a mural of prominent civil rights leaders from around the world. The mural was designed to inspire peace to the residents of Passaic, NJ.	Passaic, NJ
IRUSA awarded a \$10,000.00 grant payment to cover costs associated with "Educational & Youth Activities" which are: ESL classes, transportation, interpreters, counseling, advocacy, and employment readiness services. Beneficiaries are 3,000 per year at the Center.	Minneapolis, MN
IRUSA awarded a \$5,000.00 grant payment for a "Technology Update Project", which allows the computers, copiers, and printers to be upgraded so the community center can better and more efficiently provide health and human services to residents in Minneapolis	Minneapolis, MN
IRUSA awarded a \$1,000.00 grant for an "Educational Enhancement Program", which is an exhibit specifically created to educate young museum students and patrons in the greater Philadelphia area about African-American soldier contributions and sacrifices during World War II, paying attention to culturally significant impacts and inspirations	Philadelphia, PA
IRUSA awarded a \$10,000.00 grant for operating costs of social services (health care and financial services) for people in need in Las Vegas	Las Vegas, NV
IRUSA awarded a \$50,000.00 grant to help cover operating costs for running a community clinic for the uninsured and underinsured in the greater Los Angeles area	Los Angeles, CA
IRUSA awarded a \$25,000.00 grant for operating costs associated with running a women and children's shelter for battered and homeless women in Indianapolis	Indianapolis, IN
IRUSA awarded a \$10,000.00 grant to provide training to community leaders (police, social service workers, etc) and Imams on the cultural sensitivities and differences between Muslim and non-Muslim members of the Tempe community and how to build open and trusting relationships within the community	Tempe, AZ

