

**HELPING HAND FOR RELIEF AND
DEVELOPMENT, INC.**

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2010

Helping Hand for Relief and Development, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Helping Hand for Relief
and Development, Inc.
Detroit, MI

We have audited the accompanying statement of financial position of Helping Hand for Relief and Development, Inc. ("the Organization") as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatements. 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, the financial statements referred to above present fairly, in all material respects, the financial position of Helping Hand for Relief and Development, Inc. as of December 31, 2010 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of functional expenses for the year then ended is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statement of functional expenses is the responsibility of Organization's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion, is fairly stated, in all material respects when considered in relation to the basic financial statements taken as a whole.

Alan C. Young & Assoc.

July 1, 2011

Helping Hand for Relief and Development, Inc.

Statement of Financial Position December 31, 2010

ASSETS

Current Assets:

Cash and Cash Equivalents (Note 2)	\$ 5,303,099
Investments (Note 3)	108,945
Accounts Receivable	20,500
Pledge Receivable (Net)	70,817
Notes Receivable (Note 5)	76,133
Inventory-Donated Assets	7,595
Prepaid Expenses	13,560
Other Current Assets	2,016
Total Current Assets	5,602,665

Fixed Assets: (Note 4)

Fixed Assets	30,811
Less: Accumulated Depreciation	(10,311)
Total Fixed Assets	20,500

Total Assets \$ 5,623,165

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 39,502
Accrued Expenses	12,350
Total Current Liabilities	51,852

Net Assets:

Unrestricted	(266,733)
Temporarily Restricted (Note 1)	5,838,046
Total Net Assets	5,571,313

Total Liabilities and Net Assets \$ 5,623,165

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

Helping Hand for Relief and Development, Inc.

Statement of Activities Year Ended December 31, 2010

<u>SUPPORT AND REVENUE</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions from Public	\$ 717,561	\$ 8,157,563	\$ 8,875,124
In-Kind Revenue	3,710,307		3,710,307
Income on Notes Receivable	9,840	-	9,840
Investment Income	13,859	-	13,859
Miscellaneous Income	51,354	-	51,354
Net Assets Released from Restrictions:			
Satisfaction of Service Restrictions (Note 1)	4,707,022	(4,707,022)	-
Total Support and Revenue	<u>9,209,943</u>	<u>3,450,541</u>	<u>12,660,484</u>
 <u>EXPENSES</u>			
Program Services:			
Education	317,309	-	317,309
Health and Medical	325,428	-	325,428
Orphans	955,291	-	955,291
Emergency	2,294,280	-	2,294,280
Water for Life	44,572	-	44,572
Family Support	79,292	-	79,292
Community Development	118,966	-	118,966
Seasonal	1,009,464	-	1,009,464
In-kind	3,705,768	-	3,705,768
Total Program Services	<u>8,850,370</u>	<u>-</u>	<u>8,850,370</u>
 Supporting Services:			
Management and General	271,811	-	271,811
Fund Raising	602,469	-	602,469
Total Supporting Expenses	<u>874,280</u>	<u>-</u>	<u>874,280</u>
 Total Expenses	<u>9,724,650</u>	<u>-</u>	<u>9,724,650</u>
 Change In Net Assets	(514,707)	3,450,541	2,935,834
 Net Assets - Beginning of Year	<u>247,974</u>	<u>2,387,505</u>	<u>2,635,479</u>
 Net Assets - End of Year	<u>\$ (266,733)</u>	<u>\$ 5,838,046</u>	<u>\$ 5,571,313</u>

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

Helping Hand for Relief and Development, Inc.

Statement of Cash Flows Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 2,935,834
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operations:	
Unrealized Gain or Loss	13,859
Depreciation	5,039
Change in:	
Accounts Receivable	(18,300)
Pledges Receivable	(70,817)
Other Current Assets	2,868
Prepays	(13,560)
In-Kind Inventory	(4,539)
Accounts Payable	16,793
Accrued Expenses	1,719
Net Cash Provided by Operating Activities	<u>2,868,896</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(58,077)
Change in Fixed Assets	(7,872)
Net Cash Used in Investing Activities	<u>(65,949)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Notes Receivable	55,047
Net Cash Provided by Financing Activities	<u>55,047</u>

Increase in Cash	2,857,994
Cash and Cash Equivalents - Beginning of Year	<u>2,445,105</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,303,099</u>

Supplemental Disclosures:

Donated Assets Held for Sale	\$ 3,056
Receipt of Donated Securities	\$ 30,358

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activity

Helping Hand for Relief and Development, Inc. (the Organization) is a Nonprofit Organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It was incorporated in the State of New York in 1998. The Organization is registered with all the states in the United States to solicit public funds. The Organization is involved in the relief and development for individuals and communities, especially in emergency and disaster situations anywhere in the world, with special focus on needy people in Asia and Africa. Its major activities include reconstruction and rehabilitation of the disaster affected areas, mainly by providing Emergency Relief, Food, Shelter, Vocational and Skills Development, Education, Water for Life, Orphans & Widows Support Program, Health facilities and Economic Empowerment & Livelihood Programs.

The Organization operates the following programs:

Education - Initiation of educational projects for the restoration of educational facilities for disaster affected children and sponsoring of orphan children and needy children for education.

Health and Medical Services – Health and Medical Service Program involves the improvement of individual and community health through education, immunization and other preventive measures. It also includes the operation or funding of mobile clinics, physical rehabilitation centers and renovation of the existing health care infrastructure; health and hygiene education services and ambulance services.

Orphan Support Program - Orphan Support Program operates in different countries and focuses on assisting children in needy situation by providing education and other facilities.

Emergency Services - Providing immediate support to people affected in natural and man-made disasters/emergencies by providing rehabilitation and developmental relief and services, reconstruction of houses in such areas, and other voluntary support.

Family Support Program - The provision of ways for needy individuals and their communities to sustain themselves and to improve their quality of life; and assistance in reviving the economies of communities devastated by natural and man-made disasters.

Water for Life - Sponsoring projects for providing clean water/hand pumps, reconstruction of infrastructure of water supply, especially in the areas affected by natural disasters.

Fundraising - Provides the structure necessary to encourage and secure support from individuals and organizations.

Helping Hand for Relief and Development, Inc.

Notes to the Financial Statements (Continued) Year Ended December 31, 2010

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(Continued)

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization follows the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, Financial Statements for Not-For-Profit Organizations under which the Organization is required to report information regarding the financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

To ensure proper usage of restricted and unrestricted assets, the Organization maintains its accounting according to fund accounting principles. The assets liabilities and net assets are classified in accordance with specified restrictions and objectives. The Organization's funds are described below and are placed in the following categories:

Unrestricted Fund:

Unrestricted net assets are those currently available for use of the Organization Board, and the resources invested in fixed assets. These assets are accounted for internally in the general operating fund.

Temporarily Restricted Fund:

Temporarily restricted net assets are those assets received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified as unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions

In accordance with "Accounting for Contributions Received and Contributions Made", contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

According to the Standard, certain restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restrictions.

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions (Continued)

Contributions are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor.

Allowance for Doubtful Debts

Financial instruments which potentially subject the Organization to concentration of credit risk are pledge accounts receivable. The Organization maintains an allowance for losses based on expected collectability of all accounts receivable as of December 31, 2010. The Organization maintained an allowance of \$2,193 for doubtful accounts.

Investments

The Organization has adopted "Accounting for Certain Investments Held by Not-for-Profit Organizations" based on which investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Accordingly, donated marketable securities are recorded as contributions at their estimated fair market values at the date of donation.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a program basis in the statement of activities.

Costs are allocated between fund raising, management and general and the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization.

Cash and Cash Equivalents

Cash includes cash on hand and cash in checking and savings accounts. For financial statement purposes, the Organization considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates market value.

Fixed Assets

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Depreciation is recorded on a straight line basis over the estimated useful life of the asset.

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Value Measurements

The Organization uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Organization utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Organization applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

SFAS No. 157 establishes a framework for measuring fair value, which includes a hierarchy based on the quality of inputs used to measure fair value, and provides specific disclosure requirements based on the hierarchy. SFAS No. 157 requires the categorization of financial assets and liabilities, based on the inputs to valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the SFAS No. 157 fair value hierarchy are described as follows:

- Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.
- Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability.
- Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

SFAS No. 157 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement falls is categorized.

Helping Hand for Relief and Development, Inc.

Notes to the Financial Statements (Continued) Year Ended December 31, 2010

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for specific programs and have the following balances as of December 31, 2010:

Orphans	\$ 629,489
Emergency	4,480,106
Water for Life	109,861
Family Support	36,761
Seasonal	39,443
Countries-Restricted	<u>542,386</u>
Total	<u>\$ 5,838,046</u>

Net assets released from restrictions by incurring expenses satisfying the purpose specified by the donors amounted to \$4,707,022 for the year ended December 31, 2010.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes

The Organization adopted the FASB Accounting Standards Codification Topic, *Accounting for Uncertainty in Income Taxes*, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely than-not that the tax position will be sustained on examination by taxing authorities, based on technical merits of the position. The tax benefits recognized in the financial statements from such as position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addressed de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Organization's federal tax returns for the prior three years remain subject to examination by the Internal Revenue Service. Management determined the adoption of the new standard did not have a material impact on the financial statements.

Helping Hand for Relief and Development, Inc.

Notes to the Financial Statements (Continued) Year Ended December 31, 2010

2) CASH

The total cash held by the Organization at December 31, 2010, includes \$ 2,416 in monies that are not covered by insurance provided by the federal government.

3) INVESTMENTS

Investments consist of Amana Mutual Funds Trust Growth Fund, and are carried at fair value at December 31, 2010. The following table summarizes the Organization's investments based on inputs used to determine their values as of December 31, 2010:

	2010 Fair Value Classified as Level 1
Amana Mutual Funds Trust Growth Fund	<u>\$ 108,945</u>

4) FIXED ASSETS

The fixed assets comprised of the following:

	2010
Computers	\$ 20,776
Furniture, Fixtures & Equipment	<u>10,035</u>
Total	30,811
Less: Accumulated Depreciation	<u>(10,311)</u>
Total	<u>\$ 20,500</u>

5) NOTES RECEIVABLE

The Organization has advanced a loan to Islamic Circle of North America in the amount of \$150,000 at 7.25% to be repaid in 180 equal monthly installments. The balance receivable as of December 31, 2010 on this loan is \$ 76,133 and is due immediately upon demand.

6) CONTINGENCIES

The Organization is exposed to various contingent liabilities which are not reflected in the accompanying financial statements. The Organization's management is of the opinion that insurance coverage is adequate to cover any potential losses. No such liabilities have been asserted, and therefore, no estimation of loss has been made.

7) SUBSEQUENT EVENTS

The Organization evaluated all subsequent events through July 1, 2011, the date the financial statements were available to be issued. No subsequent event was noted that required adjustments or disclosures in the financial statements.

Statement of Functional Expenses

Helping Hand for Relief and Development, Inc.

Statement of Functional Expenses
Year Ended December 31, 2010

Expenditures	Health and Medical		Orphans	Emergency	Water for Life		Family Support	Community Development
	Education				Life	Support		
Programs Expenditures	\$ 274,759	\$ 290,344	\$ 763,997	\$ 1,051,300	\$ 25,174	\$ 53,260	\$ 103,961	
In Kind Expenses	-	-	-	3,705,768	-	-	-	
Salaries and Wages	6,135	5,827	32,391	239,144	5,763	6,509	6,565	
Contractors	2,038	784	15,328	79,457	763	1,011	1,072	
Payroll Taxes and Benefits	1,001	385	7,529	39,028	375	496	527	
Legal and Professional	266	148	1,061	7,444	146	170	100	
Conference and Seminars	2,417	1,333	10,276	68,695	1,314	1,529	627	
Advertising	1,593	613	11,962	62,103	596	790	857	
Brochures and Posters	2,588	995	20,055	100,879	968	1,283	766	
Postage	3,140	1,207	19,485	122,394	1,175	6,240	1,094	
Video/Film/TV	6,350	4,325	15,498	128,145	4,291	1,630	1,767	
Telephone and Internet	354	136	2,666	13,815	133	176	186	
Website Expenses	75	29	1,343	2,154	28	37	40	
Travel/Air Tickets	3,318	2,262	9,703	66,996	643	852	924	
Auto Rentals and Maintenance	664	452	1,940	13,396	129	170	185	
Gas & Mileage	898	620	2,571	17,564	169	223	160	
Utilities	79	31	640	3,098	30	39	-	
Office Supplies	186	72	1,389	7,268	70	204	-	
Bank Charges	652	97	1,490	9,811	94	125	135	
Rent/Parking and Other Occupancy	660	254	3,110	27,715	247	527	-	
Credit Card	3,972	2,079	19,357	120,756	2,048	2,421	-	
Misc. Expenses	22	9	180	869	8	11	-	
Shipping & Storage	5,404	13,013	10,623	90,988	-	1,118	-	
Indirect Cost	738	413	2,697	21,261	408	471	-	
Depreciation	-	-	-	-	-	-	-	
Total	\$ 317,309	\$ 325,428	\$ 955,291	\$ 6,000,048	\$ 44,572	\$ 79,292	\$ 118,966	

Helping Hand for Relief and Development, Inc.

Statement of Functional Expenses (Continued) Year Ended December 31, 2010

Expenditures	Total Program				Fund Raising	Total Expenditures
	Seasonal	Services	Management & General			
Program Expenditures	\$ 875,745	\$ 3,438,540	\$ -	\$ -	\$ -	\$ 3,438,540
In Kind Expenses	-	3,705,768	-	-	-	3,705,768
Salaries and Wages	27,488	329,822	131,340	195,546		656,708
Contractors	9,133	109,586	43,834	65,751		219,171
Payroll Taxes and Benefits	4,486	53,827	21,531	32,296		107,654
Legal and Professional	931	10,266	5,703	6,844		22,813
Conference and Seminars	8,551	94,742	14,355	34,452		143,549
Advertising	7,138	85,652	-	27,048		112,700
Brochures and Posters	11,596	139,130	-	43,936		183,066
Postage	14,069	168,804	23,288	48,023		240,115
Video/Film/TV	14,730	176,736	-	55,811		232,547
Telephone and Internet	1,588	19,054	7,621	11,432		38,107
Website Expenses	337	4,043	-	1,277		5,320
Travel/Air Tickets	7,701	92,399	-	29,179		121,578
Auto Rentals and Maintenance	1,540	18,476	2,799	6,718		27,993
Gas & Mileage	2,019	24,224	3,670	8,809		36,703
Utilities	356	4,273	1,709	2,564		8,546
Office Supplies	835	10,024	4,010	6,014		20,048
Bank Charges	1,128	13,532	5,412	8,118		27,062
Rent/Parking and Other Occupancy	2,956	35,469	-	15,201		50,670
Credit Card	14,674	165,307	-	-		165,307
Misc. Expenses	100	1,199	1,500	300		2,999
Shipping & Storage	-	121,146	-	-		121,146
Indirect Cost	2,363	28,351	-	3,150		31,501
Depreciation	-	-	5,039	-		5,039
Total	\$ 1,009,464	\$ 8,850,370	\$ 271,811	\$ 602,469		\$ 9,724,650