

NUDAY
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

**NUDAY
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FOR THE YEAR ENDED DECEMBER 31, 2016**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NuDay
Windham, NH

We have audited the accompanying financial statements of NuDay (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 NuDay as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Haffner + Company, P.C.

December 8, 2017

NUDAY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS

Cash	\$ 323,767
Accounts receivable	40,134
Marketable securities	33,010
Constructon in process	<u>44,401</u>

Total Current Assets 441,312

PROPERTY AND EQUIPMENT, NET 118,607

TOTAL ASSETS \$ 559,919

LIABILITIES AND NET ASSETS

NET ASSETS

Unrestricted	479,003
Temporarily restricted	<u>80,916</u>

Total Net Assets 559,919

TOTAL LIABILITIES AND NET ASSETS \$ 559,919

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

**NUDAY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Total 2016
REVENUE AND SUPPORT			
Donations	\$ 2,224,133	\$ 89,563	\$ 2,313,696
Special events	54,603	-	54,603
In-kind contributions	19,904,951	-	19,904,951
Realized loss on sale of donated securities	(16,343)	-	(16,343)
Net assets released from restrictions	<u>44,522</u>	<u>(44,522)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>22,211,866</u>	<u>45,041</u>	<u>22,256,907</u>
EXPENSES			
Program services	21,659,340	-	21,659,340
Management and general	61,682	-	61,682
Fund raising	<u>13,733</u>	<u>-</u>	<u>13,733</u>
TOTAL EXPENSES	<u>21,734,755</u>	<u>-</u>	<u>21,734,755</u>
INCREASE IN NET ASSETS	477,111	45,041	522,152
NET ASSETS - BEGINNING OF YEAR	<u>1,892</u>	<u>35,875</u>	<u>37,767</u>
NET ASSETS - END OF YEAR	<u>\$ 479,003</u>	<u>\$ 80,916</u>	<u>\$ 559,919</u>

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

NUDAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Management and General	Fundraising	Total
In-kind expenses	19,904,951	-	-	19,904,951
Container costs	297,612	-	-	297,612
Orphan support	274,915	-	-	274,915
Other program costs	165,605	-	-	165,605
Medical	147,391	-	-	147,391
Education	138,377	-	-	138,377
Wages	120,992	33,681	13,733	168,406
Emergency campaigns	116,020	-	-	116,020
Seasonal campaigns	106,910	-	-	106,910
Food security	95,564	-	-	95,564
Professional fees	71,764	17,941	-	89,705
Resettlement & refugees	29,864	-	-	29,864
Bank & merchant fees	26,193	-	-	26,193
Transfer expense	24,473	-	-	24,473
Warehouse rent	23,116	-	-	23,116
Advertising	21,311	-	-	21,311
Special events	20,396	-	-	20,396
Payroll tax	15,432	3,858	-	19,290
Self-sustainability	13,252	-	-	13,252
Travel	9,714	-	-	9,714
Utilities	8,683	2,171	-	10,854
Social business	7,983	-	-	7,983
Insurance	7,192	1,798	-	8,990
Office supplies	6,534	1,633	-	8,167
Depreciation	2,696	-	-	2,696
Dues & subscriptions	2,400	600	-	3,000
	<u>21,659,340</u>	<u>61,682</u>	<u>13,733</u>	<u>21,734,755</u>
Total	\$ <u>21,659,340</u>	\$ <u>61,682</u>	\$ <u>13,733</u>	\$ <u>21,734,755</u>

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

NUDAY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 522,152
Adjustments required to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	2,696
Increase in accounts receivable	(40,134)
Increase in marketable securities	(18,540)
Increase in construction in process	(44,401)
Decrease in accounts payable	(46,200)
	<u>(146,579)</u>
Net Cash Provided by Operating Activities	<u>375,573</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditures	<u>(121,303)</u>
Net Cash Used in Investing Activities	<u>(121,303)</u>
NET INCREASE IN CASH	254,270
CASH AT BEGINNING OF YEAR	<u>69,497</u>
CASH AT END OF YEAR	<u><u>\$ 323,767</u></u>

SUPPLEMENTAL CASH FLOW DISCLOSURES

CASH PAID DURING THE YEAR	
Interest	\$ -
Taxes	\$ -

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

NUDAY
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. NATURE OF ORGANIZATION

Based in Windham, New Hampshire, NuDay (“the Organization”) was founded in 2013 as a private, charitable, not-for-profit organization. Guided by its mission statement, “One Person at Time, One Humanity Closer,” NuDay champions the empowerment of Syrian mothers and children through immediate humanitarian assistance and long-term, socio-economic projects and programming for Syrian internally displaced persons and Syrian refugees in bordering Turkey and in the US. Programs range from orphan sponsorship, medical clinics, educational institutions, psycho-social support, and cargo containers sending humanitarian and medical aid from the United States to Syria. The end goal of NuDay is simple: to rebuild agency through confidence and self-reliance while building bridges across geographical and cultural differences.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned rather than received and expenses are recognized when incurred rather than paid.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

Accounts Receivable

Throughout the year the Organization receives donations via third party online platforms. In some cases, those donations are not remitted to the Organization immediately. As of December 31, 2016, the Organization was due \$40,134 from a third party online platform, all of which was received in January 2017. An allowance for bad debts has not been established because all amounts due at year-end were collected.

Marketable Securities

Occasionally, the Organization receives donations of marketable securities, which are transferred to a brokerage account in the name of the Organization and shortly thereafter placed for sale. As of December 31, 2016, the Organization had \$34,007 in marketable securities.

Property and Equipment

Property and equipment is recorded at cost or, if donated, at the fair market value at the date of the donation. Improvements are depreciated over the respective lives of the leases, or the life of the improvements, whichever is shorter. Depreciation is computed using the straight-line method. Routine repairs and maintenance expenditures are expensed as incurred.

NUDAY
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision is made for federal income taxes in the accompanying financial statements.

Uncertain Tax Positions

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Organization's tax returns remain open for three years for both federal, New Hampshire and Massachusetts income tax examination.

Cost Allocation

The cost of providing various programs and management and general expenses has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

U.S. generally accepted accounting principles require the Organization to report information regarding its financial position and activities according to three classes of net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by action of the Organization and/or passage of time. When a restriction does expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

NUDAY
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Organization recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted, based on donor intent.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Advertising

The Organization follows the policy of charging the cost of advertising to expense when incurred. Advertising costs were \$21,311 for the year ended December 31, 2016.

Fair Value Measurements

FASB guidance on fair value measurements defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, approximate fair value due to the short maturity of these instruments.

Fair Value of Financial Instruments

Accounting principles generally accepted in the United States establishes a fair value measurement hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 – Fair value input consists of unadjusted quoted prices in active markets for identical assets, which have the highest priority.

Level 2 – Fair value input consists of observable inputs other than quoted prices for identical assets.

Level 3 – Fair value input consists of unobservable inputs and have the lowest priority.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

NUDAY
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3. MARKETABLE SECURITIES

Marketable securities are stated at fair value and consist of stocks as follows as of December 31, 2016:

Cost	\$ 33,010
Fair Value	<u>33,010</u>
Unrealized appreciation (depreciation) in market value	<u>\$ -</u>

Investment return is summarized as follows:

Realized loss on sale of securities	<u>16,343</u>
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4. CONSTRUCTION IN PROCESS

The Organization has executed a 20-year land lease for the purpose of building 90 homes, a school and a mosque on the leased property. As of December 31, 2016, the school, mosque and 45 housing units were completed. The costs associated with completed and in-use facilities is included in property and equipment. The costs associated with completing the remaining, in process 45 units, is classified as construction in process on the balance sheet.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following leasehold improvements:

Leasehold improvements	\$ 121,303
Less: accumulated depreciation	<u>2,696</u>
Net Property and Equipment	<u>\$ 118,607</u>

Depreciation expense was \$2,696 for the year ended December 31, 2016.

6. RELATED PARTIES

The Organization employs the daughter of a member of management. The total amount paid to this employee was \$18,000 during the year ended December 31, 2016.

The Organization was provided consulting services by the daughter of a member of management. This related party was compensated \$16,698 during the year for such services.

One board member is the spouse of a member of management. This board member received no compensation for the services performed for the Organization.

There were no amounts due to or from any related parties as of December 31, 2016.

NUDAY
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

7. IN-KIND CONTRIBUTIONS

The Organization receives contributions of an in-kind nature, which represent the estimated fair market value of donated supplies and services. These in-kind donations were recorded both as support revenue and program expense upon the export shipments to Turkey and Syria to assist in the humanitarian work and care provided to displaced Syrian refugees. The nature of these contributions, which is included in the statement of activities, is as follows for the year ended December 31, 2016:

Food	\$ 854,879
Clothing & household items	6,131,940
Medical supplies & equipment	<u>12,918,132</u>
Total	\$ <u>19,904,951</u>

8. SPECIAL EVENTS

Revenue reported on the statement of activities, and expenses reported on the statement of functional expenses, as special events, consists of major fundraising events held during the year.

Net revenue generated from special events during the year ended December 31, 2016 was \$34,207.

9. CASH FLOWS

Occasionally, the Organization receives donations of marketable securities, which are sent to a brokerage account in the name of the Organization and shortly thereafter placed for sale. When the securities are sold, the funds are transferred to an operating account. Donations of marketable securities received during the year ended December 31, 2016 were valued at \$58,930 and are included in revenue and support on the statement of activities.

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 consist of the following:

Restricted by contributors for the Ahmad Alkhalaf Project	\$ <u>80,916</u>
Total Temporarily Restricted Net Assets	\$ <u>80,916</u>

During the year net assets were released from donor restrictions by incurring expense satisfying the restricted purposes or by occurrence of other events specified by donors. The total amount released from restrictions during 2016 was \$44,522.

NUDAY
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

11. CONCENTRATIONS

The Organization places its cash equivalents in bank deposit accounts at credit-worthy financial institutions. The Organization has not experienced any losses on its cash equivalents. From time to time the bank deposit account balances may exceed federal depository insurance coverage and management considers this to be a normal business risk. At December 31, 2016, the Organization had no uninsured bank deposit account balances.

For the year ended December 31, 2016, approximately 12% of the Organization's contribution revenue came from one donor, and approximately 62% of the Organization's in-kind contributions came from one donor.

12. LEASE COMMITMENTS

The Organization leased program and office spaces under multiple operating leases with varying terms. The Organization has leased land in Syria for which it has constructed homes, a school and a mosque. The land is leased to the Organization free of charge, however, at the end of the 20-year lease, the constructed property will become the property of the lessor. Rent expense under these agreements for the year ended December 31, 2016 was \$23,116.

Future minimum lease payments as of December 31, 2016 are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 30,803
2018	47,656
2019	<u>3,333</u>
Total	<u>\$ 81,792</u>

13. FAIR VALUE DISCLOSURES

The Organization's investments measured at fair value subject to the disclosure requirements of FASB ASC No. 820, *Fair Value Measurement*, are as follows:

Assets at Fair Value as of December 31, 2016

	<u>Fair Value</u>	<u>(Level 1)</u>
Marketable securities	\$ <u>33,010</u>	\$ <u>33,010</u>
Total	<u>33,010</u>	<u>33,010</u>

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 8, 2017, the date on which the financial statements were available to be issued.