



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021



Independent Auditors' Report

Board of Directors
Usher 1F Collaborative, Inc.
Newtonville, Massachusetts

Opinion

We have audited the accompanying financial statements of Usher 1F Collaborative, Inc. (the Collaborative), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Usher 1F Collaborative, Inc. as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Collaborative and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Collaborative's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Usher 1F Collaborative, Inc.
Newtonville, Massachusetts

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Collaborative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Collaborative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Certified Public Accountants

Bethesda, Maryland
February 17, 2022

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Usher 1F Collaborative, Inc.

**Statement of Financial Position
December 31, 2021**

Assets	
Cash	<u>\$ 1,173,759</u>
Total Assets	<u>\$ 1,173,759</u>
Liabilities and Net Assets	
Liabilities	
Accounts Payable and Accrued Expenses	<u>\$ 28,890</u>
Total Liabilities	<u>28,890</u>
Net Assets	
Without Donor Restrictions	<u>1,138,869</u>
With Donor Restrictions	<u>6,000</u>
Total Net Assets	<u>1,144,869</u>
Total Liabilities and Net Assets	<u>\$ 1,173,759</u>

See accompanying Notes to Financial Statements.

Usher 1F Collaborative, Inc.

**Statement of Activities
For The Year Ended December 31, 2021**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, and Other Support			
Grants and Contributions	\$ 344,884	\$ 81,000	\$ 425,884
Fundraising Events	170,792	-	170,792
Other	1,126	-	1,126
Net Assets Released from Restrictions	210,179	(210,179)	-
Total Revenues, and Other Support	<u>726,981</u>	<u>(129,179)</u>	<u>597,802</u>
Expenses			
Program Services	647,615	-	647,615
Supporting Service Expense			
General and Administrative	86,304	-	86,304
Fundraising	106,146	-	106,146
Total Supporting Service Expense	192,450	-	192,450
Total Expenses	<u>840,065</u>	<u>-</u>	<u>840,065</u>
Change in Net Assets	<u>(113,084)</u>	<u>(129,179)</u>	<u>(242,263)</u>
Net Assets, Beginning of Year	1,251,953	135,179	1,387,132
Net Assets, End of Year	<u>\$ 1,138,869</u>	<u>\$ 6,000</u>	<u>\$ 1,144,869</u>

See accompanying Notes to Financial Statements.

Usher 1F Collaborative, Inc.

**Statement of Functional Expenses
For The Year Ended December 31, 2021**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 4,234	\$ 52,459	\$ -	56,693
Professional Fees	1,530	23,490	69,583	94,603
Promotion	25,105	-	31,198	56,303
Office Expense	7,179	4,676	5,365	17,220
Conferences and Meetings	24,567	-	-	24,567
Grants	585,000	500	-	585,500
Insurance	-	3,202	-	3,202
Depreciation	-	1,977	-	1,977
Total	<u>\$ 647,615</u>	<u>\$ 86,304</u>	<u>\$ 106,146</u>	<u>\$ 840,065</u>

See accompanying Notes to Financial Statements.

Usher 1F Collaborative, Inc.

**Statement of Cash Flows
For The Year Ended December 31, 2021**

Cash Flows from Operating Activities	
Increase (Decrease) in Net Assets	\$ (242,263)
<u>(Increase) Decrease in Assets</u>	
Other Assets	1,977
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable and Accrued Expenses	<u>15,097</u>
Net Cash Provided by (Used in) Operating Activities	<u>(225,189)</u>
Increase (Decrease) in Cash	(225,189)
Cash, Beginning of Year	<u>1,398,948</u>
Cash, End of Year	<u>\$ 1,173,759</u>

See accompanying Notes to Financial Statements.

Usher 1F Collaborative, Inc.

Notes to Financial Statements December 31, 2021

1. ORGANIZATION

The Usher 1F Collaborative, Inc. (the Collaborative) is a 501(c)(3) nonprofit organization formed in 2020 to ensure that peoples in the Arab region enjoy their basic human rights and the right of all to prosperity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of the Collaborative have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Collaborative to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Collaborative. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Collaborative or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Basis of Presentation

The financial statements of the Collaborative have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Collaborative to report information regarding its financial position and activities according to the following net asset classifications:

Usher 1F Collaborative, Inc.

Notes to Financial Statements December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Collaborative or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue Recognition and Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field.

As of December 31, 2021, there were \$100,000 of unrecognized conditional contributions that will be recognized as revenue in future years as the conditions are met.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis using a time and effort allocation.

As of December 31, 2021, there were \$600,000 of unrecognized conditional grants expense that will be recognized as expense in future years as the conditions are met by the grant recipient.

Income Taxes

The Collaborative is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The accounting standard on accounting for uncertainty in income taxes 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 that guidance, the Collaborative 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 the technical merits of the position.

Usher 1F Collaborative, Inc.

Notes to Financial Statements December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Examples of tax positions include the tax-exempt status of the Collaborative and various positions related to the potential sources of unrelated business taxable income (UBIT).

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities at December 31, 2021.

The Collaborative's policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during 2021.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

Subsequent Events

Management has evaluated subsequent events through February 17, 2022 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. CONCENTRATION OF CREDIT RISK

The Collaborative maintains its cash balances at a financial institution. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. As of December 31, 2021, the Collaborative's bank balances exceeded the FDIC coverage by approximately \$920,000.

Usher 1F Collaborative, Inc.

**Notes to Financial Statements
December 31, 2021**

4. NET ASSETS

Net assets with donor restrictions were as follows:

	<u>Beginning of the Year</u>	<u>Contributions</u>	<u>Releases</u>	<u>End of Year</u>
Research	\$ -	\$ 81,000	\$ (75,000)	\$ 6,000
Discretionary	63,929	-	(63,929)	-
Digital Services	3,750	-	(3,750)	-
Conferenve	67,500	-	(67,500)	-
	<u>\$ 135,179</u>	<u>\$ 81,000</u>	<u>\$ (210,179)</u>	<u>\$ 6,000</u>

Net assets without donor restrictions for the year ended December 31, 2021 were undesignated.

5. AVAILABILITY AND LIQUIDITY

The following represents the Collaborative's financial assets at December 31, 2021:

Financial Assets at Year End:

Cash	\$ 1,173,759
Grants and Contributions Receivable	<u>-</u>
Total Financial Assets	1,173,759

Less Amounts Not Available To Be Used Within One Year:

Net Assets With Donor Restrictions	(6,000)
Amounts to be Used Within Twelve Months	<u>6,000</u>

Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	<u>\$ 1,173,759</u>
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As part of the Collaborative's liquidity management plan, excess cash is assessed and would be transferred to an income earning account when appropriate.