



KESSLER ORLEAN SILVER
CERTIFIED PUBLIC ACCOUNTANTS

Karam Foundation, NFP

Financial Statements

December 31, 2015

Karam Foundation, NFP

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors
Karam Foundation, NFP
Lake Forest, Illinois

We have audited the accompanying financial statements of Karam Foundation, NFP (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2015, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement 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 statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 Karam Foundation, NFP as of December 31, 2015, 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.

Respectfully submitted,

Kessler, Orlean, Silver & Company, P.C.

Kessler, Orlean, Silver & Company, P.C.
Certified Public Accountants

Deerfield, Illinois
October 7, 2016

Karam Foundation, NFP
Statement of Financial Position
December 31, 2015

Assets

Current Assets

Cash	\$ 540,946	
Contributions Receivable	<u>139,362</u>	
Total Current Assets		\$ 680,308

Property

Furniture and Fixtures	3,006	
Computer Equipment	1,440	
Less: Accumulated Depreciation	<u>(869)</u>	
Net Property		<u>3,577</u>

Total Assets		<u><u>\$ 683,885</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 23,252	
Payroll Taxes Payable	<u>6,455</u>	
Total Current Liabilities		<u>29,707</u>

Net Assets

Unrestricted	647,410	
Temporarily Restricted	<u>6,768</u>	
Total Net Assets		<u>654,178</u>

Total Liabilities and Net Assets		<u><u>\$ 683,885</u></u>
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See accompanying notes to the financial statements.

Karam Foundation, NFP

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contributions	\$ 1,156,383	\$ 6,768	\$ 1,163,151
Grants	43,238	-	43,238
In-Kind Contributions	14,400	-	14,400
Event			
Gross Proceeds	101,758	-	101,758
Less: Direct Expenses	(20,142)	-	(20,142)
Product Sales	34,550	-	34,550
Miscellaneous Income	50	-	50
Total Support and Revenue	<u>1,330,237</u>	<u>6,768</u>	<u>1,337,005</u>
Expenses			
Program Services			
Innovative Education Program	315,296	-	315,296
Smart Aid Program	455,178	-	455,178
Sustainable Business Program	52,453	-	52,453
Total Program Services	<u>822,927</u>	<u>-</u>	<u>822,927</u>
Supporting Services			
Management and General	82,290	-	82,290
Fundraising	79,415	-	79,415
Total Supporting Services	<u>161,705</u>	<u>-</u>	<u>161,705</u>
Total Expenses	<u>984,632</u>	<u>-</u>	<u>984,632</u>
Change in Net Assets	345,605	6,768	352,373
Net Assets, Beginning of Year	<u>301,805</u>	<u>-</u>	<u>301,805</u>
Net Assets, End of Year	<u><u>\$ 647,410</u></u>	<u><u>\$ 6,768</u></u>	<u><u>\$ 654,178</u></u>

Karam Foundation, NFP

Statement of Functional Expenses

For the Year Ended December 31, 2015

2015								
	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total
	Innovative Education Program	Smart Aid Program	Sustainable Development Program		Management and General	Fundraising		
Salaries	\$ 45,343	\$ 15,933	\$ 6,547	\$ 67,823	\$ 18,410	\$ 29,644	\$ 48,054	\$ 115,877
Payroll Taxes	5,995	2,107	866	8,968	2,434	3,920	6,354	15,322
Program Supplies	177,565	417,349	33,985	628,899	-	-	-	628,899
Program Grants	19,020	15,650	-	34,670	-	-	-	34,670
Professional Fees	9,690	-	4,000	13,690	23,601	14,400	38,001	51,691
Travel, Meetings and Confer	53,792	-	-	53,792	-	24,015	24,015	77,807
Advertising and Marketing	333	1,306	369	2,008	1,175	2,056	3,231	5,239
Bank and Credit Card Fees	-	-	-	-	20,883	-	20,883	20,883
Dues and Subscriptions	1,224	430	177	1,831	1,362	800	2,162	3,993
Office Expenses	-	-	172	172	4,016	518	4,534	4,706
Other	634	1,888	291	2,813	5,994	749	6,743	9,556
Postage, Freight & Delivery	235	-	5,834	6,069	-	-	-	6,069
Sponsorships & Meetings	1,164	409	168	1,741	473	761	1,234	2,975
Venue Supplies	-	-	-	-	-	2,355	2,355	2,355
Website Maintenance	-	-	-	-	3,820	-	3,820	3,820
Depreciation	301	106	44	451	122	197	319	770
Total	<u>\$ 315,296</u>	<u>\$ 455,178</u>	<u>\$ 52,453</u>	<u>\$ 822,927</u>	<u>\$ 82,290</u>	<u>\$ 79,415</u>	<u>\$ 161,705</u>	<u>\$ 984,632</u>

Karam Foundation, NFP
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash Flows from Operating Activities

Change in Net Assets \$ 352,373

Adjustments to Reconcile Change in Net Assets
to Net Cash Provided by Operating Activities

Depreciation	\$ 769	
(Increase) Decrease In:		
Accounts Receivable	(105,422)	
Prepaid Expenses	41,357	
Increase (Decrease) In:		
Accounts Payable	(24,725)	
Payroll Taxes Payable	<u>6,455</u>	

Total Adjustments (81,566)

Net Cash Provided by Operating Activities 270,807

Cash Flows from Investing Activities

Purchase of Fixed Assets (1,440)

Net Increase in Cash 269,367

Cash, Beginning of Year 271,579

Cash, End of Year \$ 540,946

Supplemental Disclosure of Cash Flow Information

Cash Paid for Income Taxes \$ -

Cash Paid for Interest \$ -

Karam Foundation, NFP
Notes to Financial Statements
For the Year Ended December 31, 2015

Note 1 – Summary of Significant Accounting Policies

Organization

Karam Foundation, NFP (Karam) is a non-profit corporation dedicated to help people help themselves. They seek to restore the dignity and quality of life for people affected by conflict by eliminating barriers to success through innovative education, community-driven smart aid, and sustainable entrepreneurial development.

Basis of Accounting

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

Revenue and Expense Recognition

Revenue and expenses are recorded on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized as incurred. All contributions are considered to be available for unrestricted use unless otherwise specifically restricted by donors. Unrestricted contributions are recorded and recognized as revenue when received. Temporarily restricted contributions are recorded as revenue when they are received and/or pledged to Karam and transferred to the unrestricted net assets when the restrictions have been met or the period expires.

In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Karam. Donations of other items are recorded at their estimated fair value of the donation. Karam received donated software licenses in 2015.

Cash

For purposes of the statements of cash flows, Karam considers all highly liquid investments purchased with an original maturity of three months or less to be cash.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of the Karam's management to review the outstanding accounts receivable on a regular basis as well as at year-end, review bad debt and other write-offs experienced in the past, and establish an allowance for doubtful accounts. The allowance for doubtful accounts at December 31, 2015 was \$0.

Property and Equipment

Purchased property and equipment is carried at cost. Contributed property and equipment is carried at fair market value as of the date contributed. If donors stipulate how long assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Assets are depreciated over the estimated economic useful lives using the straight line method. Gains and losses from the sale or disposition of property are included in income. All expenditures for property and equipment in excess of \$500 are capitalized. Repairs and maintenance are charged to expense as incurred.

Karam Foundation, NFP
Notes to Financial Statements
For the Year Ended December 31, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

Financial statement presentation follows the recommendation of Financial Accounting Standards Board (FASB) Accounting Standard Codifications (ASC) 958-210-45. Under ASC 958-210-45, Karam is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Fair Value of Financial Instruments

The fair value of financial instruments including cash, contributions receivable, prepaid expenses and accounts payable approximates the carrying values, principally because of the short maturity of those items.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates made by management.

Use of Estimates

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

Taxes

Karam is a not-for-profit corporation that is exempt from federal income taxes and federal unemployment taxes under Section 501(c)(3) of the Internal Revenue Code. Karam does not have any unrelated business income. Accordingly, no provision for such taxes has been made in the financial statements.

Karam files U.S. federal and Illinois state informational returns. The federal and state informational tax returns for 2013, 2014, and 2015 can be subject to examination by tax authorities, generally for three years after they were filed. Karam recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. At December 31, 2015 there was no interest or penalties relating to income taxes recognized in the statement of activities.

Subsequent Events

Management has evaluated subsequent events through October 7, 2016, the date the financial statements were available to be issued.

Karam Foundation, NFP
Notes to Financial Statements
For the Year Ended December 31, 2015

Note 2– Description of Funds

Karam classifies its net assets into two categories:

Unrestricted Net Assets

Unrestricted net assets include all resources over which the Board of Directors has discretionary control. All unrestricted revenue, contributions and all expenses of Karam are included in unrestricted revenue and expenses.

Temporarily Restricted Net Assets

Temporarily restricted net assets consists of temporarily restricted contributions which are received by Karam and are accepted with the donor stipulation that they be used for a specific purpose or for future periods. Amounts are transferred to the unrestricted fund as expenditures are incurred which meet the restrictions of the donors or the time expires.

Note 3 – Concentration of Credit Risk

Karam maintains cash at a financial institution in excess of the Federal Deposit Insurance Corporation's \$250,000 limit. At December 31, 2015, the uninsured cash balance was \$277,764.