

HEBRET MUTUAL AID SOCIETY
AUDITED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

Yakob & Company, Pc

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Member of the American Institute
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hebret Mutual Aid Society
Silver Spring, MD

We have audited the accompanying financial statements of Hebret Mutual Aid Society(HMAS), which comprise the statements of assets, liabilities and net assets as of December 31, 2023 and 2022, and the related statements of revenue and expenses and cash flow statements for the years 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. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Hebrat Mutual Aid Society at December 31, 2023 and 2022, and its revenue and expenses for the years then ended, in accordance with accounting principles accepted in the United States of America.

Yakob & Co. PC

Washington, DC
April 30, 2025

HEBRET MUTUAL AID SOCIETY
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 246,783	\$ 61,043
Death contribution receivable	4,925	-
Property and equipment, net	-	-
Accrued Income(net of allowance \$340 for 2023 and zero for 2022)	106,200	-
Other Assets	<u>995</u>	<u>995</u>
TOTAL ASSETS	<u>\$ 358,903</u>	<u>\$ 62,038</u>
LIABILITIES AND NET ASSET		
LIABILITIES		
Accounts payable and Accrued Expenses	6,524	1,206
Unearned revenue	-	-
Accrued payroll and related liabilities	-	-
TOTAL LIABILITIES	<u>6,524</u>	<u>1,206</u>
NET ASSET		
Unrestricted	<u>352,380</u>	<u>60,832</u>
TOTAL NET ASSET	<u>352,380</u>	<u>60,832</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 358,903</u>	<u>\$ 62,038</u>

See notes to financial statements

HEBRET MUTUAL AID SOCIETY
 STATEMENTS OF ACTIVITIES
 Years ended December 31, 2023 and 2022

CHANGES IN UNRESTRICTED NET ASSETS	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT		
Members Death Contribution	\$ 302,920	\$ -
Members Registration	235,065	
Membership Dues	90,066	
Interest Income	-	-
Other Income	<u>32,600</u>	<u>93,110</u>
	660,651	93,110
EXPENSES		
Programs		
Members Death Benefit Paid	280,000	-
Other Program Expenses	70,132	20,585
General and administrative	<u>18,971</u>	<u>11,694</u>
TOTAL EXPENSES	<u>369,103</u>	<u>32,278</u>
INCREASE(DECREASE) IN UNRESTRICTED NET ASSET	<u>291,548</u>	<u>60,832</u>
TOTAL INCREASE IN NET ASSET	291,548	60,832
NET ASSET AT BEGINNING OF YEAR	<u>60,832</u>	-
NET ASSET AT END OF YEAR	<u><u>352,380</u></u>	<u><u>60,832</u></u>

See notes to financial statements

HEBRET MUTUAL AID SOCIETY
 STATEMENT OF FUNCTIONAL EXPENSES
 For the year ended December 31, 2023

	Program Service	General and Administrative	Total
Direct Cost			
Members Death Benefit	280,000	-	280,000
	<u>280,000</u>	<u>-</u>	<u>280,000</u>
Total Benefit cost	280,000	-	280,000
	<u>280,000</u>	<u>-</u>	<u>280,000</u>
Bad Debt Expense	30,490	-	30,490
Bank Service Charges	-	147	147
Merchant Processing Fees			-
Computer and Internet Expenses			-
Insurance Expense	-	1,455	1,455
Office Supplies	-	278	278
Office Expenses	-	-	-
Postage and Delivery	1,148	1,148	2,295
Professional Fees			
Consulting			
Legal	2,625	2,625	5,250
IT Consultant	11,047	2,762	13,809
Rent Expense	6,195	6,195	12,390
Tax and Licenses Expense			-
Software Expenses	13,584	1,187	14,771
Telephone and Communications Expenses	5,044	2,063	7,107
Miscellaneous Expenses	-	1,112	1,112
Total other expenses	70,132	18,971	89,103
	<u>70,132</u>	<u>18,971</u>	<u>89,103</u>
Total expenses	<u>350,132</u>	<u>18,971</u>	<u>369,103</u>

See notes to financial statements

HEBRET MUTUAL AID SOCIETY
 STATEMENT OF FUNCTIONAL EXPENSES
 For the year ended December 31, 2022

	Program Service	General and Administrative	Total
Direct Cost			
Members Death Benefit	-	-	-
	-----	-----	-----
Total Benefit cost	-	-	-
	-----	-----	-----
Insurance Expense	-	1,459	1,459
Postage and Delivery	-	432	432
Professional Fees			
Accounting	-	-	-
Consulting	-	18,731	18,731
Legal	-	-	-
Rent Expense	-	8,955	8,955
Miscellaneous Expense	-	1,104	1,104
Telephone Expense	-	1,431	1,431
	-----	-----	-----
Total other expenses	-	32,112	32,112
	-----	-----	-----
Total expenses	-	32,112.00	32,112
	=====	=====	=====

HEBRET MUTUAL AID SOCIETY
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 291,548	\$ 60,832
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	-	-
Change in assets and liabilities:		
Accounts receivables	(4,925)	(995)
Accrued revenue	(106,200)	-
Accounts payable and accrued expenses	5,317	1,206
Unearned Revenue	-	-
Accrued payroll and related liabilities	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>185,740</u>	<u>61,043</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	-
NET CASH USED BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASED) IN CASH	185,740	61,043
CASH AT BEGINNING OF YEAR	<u>61,043</u>	<u>-</u>
CASH AT END OF YEAR	<u><u>246,783</u></u>	<u><u>61,043</u></u>
Interest paid	\$ -	\$ -

See notes to financial statements

HEBRET MUTUAL AID SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - ASSOCIATION

Hebret Mutual Aid Society (“HMAS”) is; formed based on Ethiopian mutual assistance concept, known as "Edir"(where members help each other, financially and emotionally, at a time of member’s death). HMAS is 501(c) (3) association incorporated in Maryland, as a non-stock corporation, on December 10, 2021.

HMAS was established to organize its members (from Washington DC metro area), with the sole objective of assisting each other in time of death of a member by establishing a unique method of collecting contributions from each member of the Association, and provide monetary assistance of \$20,000.00 (Twenty Thousand Dollars) to the designated family representatives of the deceased member to be used in covering the funeral and other mourning expenses.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: HMAS’s accounts are maintained on accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized when incurred.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Basis of Presentation: The net assets of HMAS and changes therein are classified and reported in the following categories:

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 will be met either by action of HMAS and/or the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that the assets are to be maintained permanently by HMAS.

There were no temporary or permanently restricted net assets as of December 31, 2023 and 2022.

Cash and Cash Equivalents: All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

HEBRET MUTUAL AID SOCIETY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Death Contribution Accounts Receivable: Accounts receivable is the amount due from members - for death contributions. HMAS provides allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance for doubtful collections was \$340 and \$0 as of December 31, 2023 and 2022, respectively.

And the total receivable write-off was \$33,490 and \$0 for the years ended December 31, 2023 and 2022, respectively.

Financial Risk: HMAS maintains cash balances, at various banks, which at times may exceed Federally insured limits. HMAS has not experienced any losses in such accounts. HMAS believes it is not exposed to any significant credit risk on cash.

Property and Equipment: Property and equipment are recorded at cost or estimated fair value of donated property. The cost of disposed assets is removed from the respective accounts along with its accumulated depreciation or amortization. Depreciation and amortization are recorded based on the straight-line method over the estimated useful lives of the related asset over three years. HMAS's policy is to capitalize all purchases or donations of property and equipment in excess of \$500.

Revenue Recognition: Revenue from membership registration is recognized at the time of registration. After registration there is a grace period of six months before the member's representatives can claim for death payment.

After death claim is approved and paid for, HMAS recognizes the members' death contributions as revenue.

Fair Value of Financial Instruments

The *Fair Value Measurements and disclosures Topic of FASB Accounting Standards Codification* establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

The framework establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

HEBRET MUTUAL AID SOCIETY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

There are no financial instruments subject to fair value measurement on a recurring basis.

Functional Allocation of Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the three areas benefited.

Income Taxes: HMAS is exempt from the payment of income taxes on its exempt activities under Section 501(c) (3) of the Internal Revenue Code.

NOTE 3 – DEATH CONTRIBUTION RECEIVABLE

For each and every death the members contribute \$20 per person. The outstanding receivable including accrued revenue balance at December 31, 2023 and 2022 were \$111,465 and \$0, respectively.

NOTE 4 – OTHER ASSETS

Other assets as of December 31, 2023 and December 31, 2022 consist of rent security deposit in the amount of \$995.

NOTE 5 - MAJOR REVENUES

HMAS has earned most of its revenue from Members' Death Contributions towards death benefit payments and Membership Dues, which accounted for approximately 81%, and 14% from management fee of gross revenue for the year ended December 31, 2023, respectively.

HMAS has no earning for the year ended December 31, 2022.

HEBRET MUTUAL AID SOCIETY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – OTHER INCOME

Other income as of December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Late charge	\$ 23,290	\$ -
Asset carried forward from All for one		93,110
Administration fee	<u>9,310</u>	<u>-</u>
	\$ <u>32,600</u>	\$ <u>93,110</u>

NOTE 7 - LEASE COMMITMENTS AND RENT EXPENSE

As of December 31, 2023, HMAS rents Office space under agreement that expires on March 31, 2024 with the option of extending the lease for another one year.

Rent expense for 2023 and 2022 was \$13,390 and \$8,955, respectively.

NOTE 8 - SUBSEQUENT EVENTS

In preparing these financial statements, HMAS has evaluated events and transactions for potential recognition or disclosure through April 30, 2025, the date the financial statements were issued.