KinderUSA is a 501(c)3 non-for-profit organization.
Mission Statement...............................2-3
Message from the Chairman ..................4-5
Summing Up ......................................6-7
Development......................................8-9
Education........................................10-13
Emergency Relief ............................14-15
Health.............................................16-17
Seasonal .........................................18-19
Independent Auditors Report ...............20
Statement of Financial Position ............21
Statement of Functional Expenses ...22-23
Statement of Activities .......................24
MISSION STATEMENT

Our Mission: To alleviate the suffering of children and their families - regardless of ethnicity or religious beliefs - by bringing material goods into war zones and areas of disaster, to provide material support to those living in refugee camps, to initiate educational, health, and rehabilitation programs, and to dynamically reverse the psychological damage caused to these innocent beings due to the horrors of conflict.

KinderUSA is an international humanitarian organization based in the United States that was founded by a group of American Muslim physicians and relief workers. With a support network of professionals across the globe, the work of KinderUSA is guided by the tenets of Islam relating to the importance of alleviating human suffering and fostering of charity, kindness, and justice.

KinderUSA believes that we must not ignore a child’s plea for help and that all children are born with fundamental freedoms. They are entitled to the rights of survival, health, and education. KinderUSA puts into action programs designed to ensure these rights are not forgotten.

KinderUSA is dedicated to:

- Providing assistance to children and their families of both man-made and natural disasters, as well as to victims of armed conflict without regard to race, religion, or political affiliation
- Conducting our humanitarian missions with complete impartiality and neutrality irrespective of political and economic realities
- Our current focus is on the forgotten children of Palestine...
Today, we see far too many children across the globe struggle through tragic circumstances, which have been shaped in large part by disaster and persistent human conflict. Poverty, malnutrition, disease, poor access to healthcare, and lack of education threaten to overwhelm these children, and in many instances, the prospects of continuing political/social strife paint a bleak picture of a future fraught with uncertainty.

In the West Bank and Gaza, the daily realities for Palestinian children offer a stark contrast to the lives of comfort and security that many of us have become accustomed to. The cumulative effect of the recurrent violence has produced an environment where even the most optimistic have begun to lose hope. Alarming rates of acute and chronic malnutrition rivaling those of sub-Saharan Africa and daily exposure to violence resulting in a psychosocial crisis, have produced a disturbing percentage of Palestinian children being denied a childhood and forcing them into adulthood before their time.

During our first year of existence, KinderUSA has responded to these daunting challenges by disbursing more than $600,000 in aid through a variety of dynamic programs geared towards improving the welfare of these children. Our efforts have encompassed traditional areas of relief but have also included creative efforts at stimulating the local Palestinian economies as is outlined in this report.

At KinderUSA, we believe in fostering creative solutions to long-standing problems, and our efforts are made possible by a capable, highly motivated staff of professionals and volunteers. Our efforts are also imbued with a genuine respect for the dignity and integrity of Palestinian children and their families. These children have encountered unimaginable challenges, but continue to exhibit an optimism, resilience, and innocence that is nothing short of miraculous.

Our goal is to augment this remarkable spirit of determination, and with your continued support, we believe it’s achievable.

For the children,

Dr. Riad Abdelkarim
Chairman
Kids In Need of Development, Education, and Relief, KinderUSA, disbursed more than $600,000 from March to December 2002 improving the lives of children and their families in the occupied Palestinian territories. Furthermore, through our unique voucher system, which works closely with local vendors, KinderUSA promotes the augmentation of the local economy. Working together with a staff of committed volunteers and dedicated donors, KinderUSA was able to conduct the following humanitarian projects in 2002:

- **Emergency Relief**: Over 17,000 children, women, and men in Gaza, Jenin, and Nablus benefited from our emergency relief programs which included the distribution of food, household items, and clothing, meeting the most basic needs during times of heightened tragedy.

- **Education**: More than 6000 children in Gaza and the West Bank benefited from our Back To School project, while 200 children in Gaza were transported safely by bus to and from school!

- **Health**: Over 1000 children received hot, nutritional meals in Gaza, providing the necessary micronutrients for a healthier diet and reducing their vulnerability to malnutrition.

- **Development**: An estimated 40 women received training and employment through projects aimed at promoting health, warmth, and well being of children.

- **Seasonal**: More than 39,000 children and their families received nutritional food and children received toys during the month of Ramadan.
In an effort at promoting self-reliance, KinderUSA working with two local NGO’s in the Gaza Strip, Al-Majed Women’s Association and Al-Huda Development Association, employed 40 women in projects that were geared toward the health and well being of children.

As outlined in the Health section of this report, nutritional meals were distributed to children prepared by 10 women who received a monthly stipend, while another 300 women attended workshops and received training in the preparation of nutritional foods with the scarce resources available.

Another 30 women from the Nuseirat Camp in Gaza received training and were provided an income for sewing winter coats for 2200 children, aged 6-12, under the direction of the Al-Majed Women’s Association. All items needed for completion of this project were purchased locally, further bolstering the local economy. This project was completed for $8600, keeping children warm and developing and sustaining their communities.
Education is vital in any conflict situation, offering a sense of stability and continuity for all children. Not only is education a fundamental right for all children, but for the children in occupied Palestine. When everything else appears surrounded by chaos and turmoil, education offers a critical look at their social living situation, and hence, represents a building block to peace.

In our first year, two projects were implemented in Gaza and the West Bank insuring access to education, clothing and necessary supplies. An additional project provided nutritional meals for a number of needy children which in many instances were the only ones the students received during a 24 hour period.

BACK TO SCHOOL:

Through KinderUSA’s unique voucher system, 6000 children in Gaza, Hebron, and Nablus went Back to School with new uniforms, shoes, back packs, and supplies. Each child received a voucher to shop at predetermined vendors for clothes and shoes, providing the children and their parents with a unique choice. A total of $100,000 was expended on this project, preparing young minds for the world that lies ahead.

SCHOOL BUS PROJECT:

The children in the village of Al-Mograka used to walk 3 km each day to reach their UNRWA operated school in the Nusairat refugee camp. Al-Mograka is bordered by the Nisarim settlement, which made for a potentially dangerous journey for these young children. Many parents opted to keep their children home after a classmate loss their life due to random shots being fired. A bus was rented to provide access to education for these 300 children, driving them to and
from school for both the morning and afternoon shifts. Through the end of December 2002, $8200 was disbursed for this important project, which continued into 2003.

**NUTRITIONAL MEALS:**

Throughout the school year 2002-2003, KinderUSA, in conjunction with Al-Huda Development Association, provided nutritional meals to the children in five UNRWA schools throughout the Gaza Strip. Many of these children arrive to school with empty stomachs as more and more families are forced to change consumption patterns due to lack of income. Over 1000 children benefited from the program during the months of September to December, totaling $16,649.
A child’s first years are the most important ones, determining whether she or he will grow to be healthy and possess the necessary skills to develop to the fullest potential. Meeting the nutritional requirements of children at an early age is essential for proper intellectual and emotional development. However, as KinderUSA Board Member, Dr. Laila Almarayati, reported during her trip to the occupied Palestinian territories, “at least one generation of Palestinians is gravely at risk.”

The year 2002 witnessed a dramatic rise in humanitarian needs in the Palestinian territories, with economic underdevelopment and rising unemployment rates stemming from the occupation and the continuing strife. The resulting poverty impacts children the hardest, slowly deteriorating their young bodies through lack of food.

To address the emergency nutritional and food needs of these children and their families, KinderUSA responded with the following emergency distributions:

- Emergency Food distribution in Jenin to over 1000 families in remote communities totaling $25,000: May 2002
- Emergency Food distribution in Nablus to over 2000 families totaling $50,000: August 2002
- Emergency Food distribution for malnourished children in Gaza totaling $25,000: May 2002
- Clothing and household items for 11 families after the bombing of their residential district in July: $2300.

As part of KinderUSA’s continuing effort at bolstering the local economies, all items are purchased in the areas of distribution.
Palestinians are suffering from micro-nutrient deficiencies as a result of town closures, travel restrictions, and economic collapse. The degenerative purchasing ability, as well as limited access to nutritional food, have drastically impacted eating patterns, with many children consuming only a single meal each day. More often than not, these meals lack adequate caloric and vitamin intake. Children are suffering from both acute and chronic malnutrition, leading to irreversible growth and developmental delays while severely compromising their immune systems.

In cooperation with Al-Huda Development Association, KinderUSA provided micro-nutrient rich meals to over 1000 children in five UNRWA operated schools. The programs’ implementation began with the 2002-2003 school year and continued through December, modestly totaling $16,649.

“Until a political settlement occurs, it is incumbent upon the international community to step in to keep a totally preventable humanitarian catastrophe from taking place.”

Dr. Laila Al-Marayati, Board Member KinderUSA, reporting on her trip to the region.
The month of Ramadan is a time of fasting and caring for the less fortunate. During this month, KinderUSA distributed $100,000 worth of food through our unique voucher program in both the West Bank and Gaza. Over 4800 families, each with 6 or more family members, benefited from the program, which emphasized nutritional foods. Many of the beneficiaries commented that it had been a very long time since they were able to eat healthy foods. Each voucher provided for cheese, canned meat, powdered milk, dates, chick peas, eggs, pasta and Halawa.

Also, over 1000 children and their families were hosted by our subsidiary office, KinderPAL, to Iftar meals throughout the Gaza Strip. Child volunteers distributed prepared nutritional food to the young guests in Jabaliya, Khan Younis, and Beach Camps, while other volunteers ensured that each child received a gift in celebration of the holiday.

“It was really something to see the eyes light up amongst the children in this village when they saw eggs and meat.”

Musa, KinderPAL social worker, Gaza
INDEPENDENT AUDITORS' REPORT
ON FINANCIAL STATEMENTS

To the Board of Directors
Kinder USA
Dallas, Texas

We have audited the accompanying statement of financial position of the Kinder USA (the Organization) as of December 31, 2002, and the related statements of activities and changes in net assets 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 upon 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 our audit to obtain reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. 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 the Kinder USA as of December 31, 2002 and 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.

N. Miller
MillerMusmar
Rexon, Virginia
June 9, 2003

KINDER USA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2002

ASSETS :

Current Assets:
Cash and cash equivalents $ 362,239
Employee Advances 532
Total Current Assets 362,771

Property and equipment
Office equipments 29,454
Furniture & fixture 3,637
Property and Equipment, at cost 32,991
Accumulated depreciation (3,188)
Property and Equipment, net 29,793

Other Assets
Deposits 1,185

Total Assets $ 393,749

LIABILITIES AND NET ASSETS :

Current Liabilities
Accounts payable $ 3,850
Accrued expenses 9,779
Total Current Liabilities 13,629

Long Term Liabilities
Total Liabilities 13,629

Net Assets
Unrestricted 360,120

Total Liabilities and Net Assets $ 363,749
KINDER USA
STATEMENTS OF YEAR ENDED

FUNCTIONAL EXPENSES DECEMBER 31, 2002

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Supporting Services</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct program expense</td>
<td>$344,306</td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>55,312</td>
<td>55,312</td>
</tr>
<tr>
<td>Rent</td>
<td>5,254</td>
<td>5,254</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>4,288</td>
<td>4,288</td>
</tr>
<tr>
<td>Professional fees</td>
<td>9,615</td>
<td>17,764</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,341</td>
<td>1,341</td>
</tr>
<tr>
<td>Bank service charges</td>
<td>8,348</td>
<td>8,348</td>
</tr>
<tr>
<td>Travel</td>
<td>17,746</td>
<td>17,746</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,647</td>
<td>2,647</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,198</td>
<td>3,198</td>
</tr>
<tr>
<td>Contribution</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Postage and Delivery</td>
<td>8,881</td>
<td>8,881</td>
</tr>
<tr>
<td>Telephone</td>
<td>9,992</td>
<td>9,992</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>64,636</td>
<td>64,636</td>
</tr>
<tr>
<td>Printing and reproduction</td>
<td>16,188</td>
<td>16,188</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>620</td>
<td>620</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,718</td>
<td>1,718</td>
</tr>
<tr>
<td>Insurance</td>
<td>5,200</td>
<td>5,200</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>344,306</strong></td>
<td><strong>271,871</strong></td>
</tr>
<tr>
<td><strong>Allocation of Mgmt. &amp; General</strong></td>
<td><strong>108,492</strong></td>
<td><strong>(108,492)</strong></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$452,798</strong></td>
<td><strong>$616,177</strong></td>
</tr>
</tbody>
</table>

Supporting Services
Mgmt. & General $46,738 Supporting Services $46,738 Total Services $391,044
Fundraising $8,149
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT AND REVENUE:</strong></td>
<td></td>
</tr>
<tr>
<td>Special events</td>
<td>$327,149</td>
</tr>
<tr>
<td>Contributions</td>
<td>$635,050</td>
</tr>
<tr>
<td>Other income</td>
<td>$34,098</td>
</tr>
<tr>
<td><strong>TOTAL SUPPORT AND REVENUE</strong></td>
<td>$996,297</td>
</tr>
<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
</tr>
<tr>
<td>Program Services</td>
<td>$452,798</td>
</tr>
<tr>
<td>Supporting Services</td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>$66,065</td>
</tr>
<tr>
<td>Fundraising expenses</td>
<td>$98,284</td>
</tr>
<tr>
<td><strong>Total Supporting Services</strong></td>
<td>$163,379</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$616,177</td>
</tr>
<tr>
<td>Increase in Net Assets</td>
<td>$380,120</td>
</tr>
<tr>
<td>Net Assets, Beginning of Year</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td>$380,120</td>
</tr>
</tbody>
</table>