

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

ISLAMIC - AMERICAN ZAKAT FOUNDATION

4323 Rosedale Avenue, Bethesda, MD 20814 (301) 907-0997

2006 ANNUAL REPORT

(Jumada II 10, 1428 A.H. = June 26, 2007 C.E.)

Dear Brothers and Sisters:

This is our annual report for fiscal year that ended on October 31, 2006. The Islamic-American Zakat Foundation, founded in 1987, had another year of healthy growth. We spent over \$100,000 on our charitable programs in the fiscal year reported here. Thanks to God's bounty, the generous donors year enabled the Zakat Foundation to help needy American families to meet various needs, especially to avoid homelessness. In addition we continued to support three Palestinian children and to spend moneys specifically designated for da`wa work for spreading the truth about Islam to Muslims and non-Muslims by various means, including the distribution of Qur'ans to prisoners and hospital patients.

Disbursements totaling \$59,809 were made to over 170 different poor or needy families for fuel, shelter, clothing, debt reduction, and emergency transportation. Qur'ans were distributed to prisoners and to chaplains and social workers dealing with Muslim clients. We distributed aid totaling \$42,962 to 77 families to provide for shelter. In almost all cases these were payments of rent or mortgage to allow them to keep their current homes or security deposit payments to allow them to move into new homes. Eight recipients were given a total of \$2,221 for transportation needs. We made partial or full payment of utility bills, totaling \$3,910 for 10 families to restore service or prevent a cutoff. We assisted many of those families in making payment arrangements for any balance on their bills. \$3,890 was distributed to over one hundred poor families on the occasions of the Eid al-fitr so that they could celebrate the holiday feast in a proper fashion despite their poverty status. \$875 were used to pay medical expenses for two needy families. In addition, we assisted people in obtaining food, furniture, and clothing and in other ways helping them to overcome problems preventing them from sustaining themselves. In some cases the aid was direct and in other cases we referred them to other social service agencies. We also spent \$900 on support of poor and orphaned children in Palestine. In addition, we have helped many families through the efforts of our Field Coordinator to operate our "Medina program" aimed at assisting chronically needy American Muslims to achieve self-sufficiency.

Our audited financial statements are appended to this report.

As-salaamu `alaikum!



Imad A. Ahmad, Ph.D.
President

HISTORY AND MISSION OF THE ISLAMIC-AMERICAN ZAKAT FOUNDATION

The Islamic-American Zakat Foundation was founded in 1987 to provide help to Muslims in America in fulfilling their obligations to purify their wealth by helping the poor and needy and others in special circumstances. The Muslims are a single community and we are all brothers and sisters of perfect equality before God (Allah) except as our piety distinguishes one from another.

The Islamic-American Zakat Foundation has helped hundreds of poor and needy Muslims from coast to coast in times of difficulty.

We were the first Islamic charity to be accepted into the Combined Federal Campaign.

We were the first Islamic charity affiliated with Local Independent Charities of America.

We cooperate with other Islamic organizations like the Muslim Intercommunity Community Network, the Council of Muslim Women, the Minaret of Freedom Institute, and various mosques to maximize effectiveness.

We support three Palestinian children and help keep open a Women's clinic in the occupied territories.

Our MEDINA program provides counseling and referral services to help applicants to achieve self-sufficiency. Through these efforts some of our zakat recipients have been turned into zakat donors.

Our da'wa program provides Qur'ans to prisoners and hospital patients and promotes a better understanding of Islam.

And we do it without one cent of government money--ANY GOVERNMENT. We are completely independent so we can work with the entire Muslim community.

We do it with donations from people like you. Small donations and large donations. From Muslims who care about Muslims. From Muslims who seek to please Allah. We are told by contributors who give through their workplace campaigns that some of their non-Muslim coworkers donate to us through their workplace campaigns in order to entrust their charitable donations to a reliable institution.

The Zakat Foundation helps to assess and distribute zakat and sadaqa. We document the worthiness of recipients and distribute donations directly to the poor and needy or use the money towards paying their debts for fuel and housing, etc. Funds received in the past year have gone to feed the poor and homeless in the mid-Atlantic region, and elsewhere in America, to help to feed and clothe Palestinian children, to help orphans, to prevent unemployed families from losing their homes, and to relieve the difficulties of stranded travelers. We work cooperatively with mosques and with other agencies helping the poor and needy.

DIRECTORS AND CHIEF ADMINISTRATIVE PERSONNEL

Imad A. Ahmad, Ph.D., President
4323 Rosedale Avenue
Bethesda, MD 20814
(Director, term expires July 6, 2006)

Asem Elgawhary, Vice President
11347 Albermyrtle Road
Potomac, MD 20854
(Director, term expires July 6, 2006)

M. Abdus-Salaam Ahmad, Treasurer
11240 Cherry Hill Road #302
Beltsville, MD 20705
(Director, term expires July 6, 2006)

Omar Atia, Secretary
7304 Hooking Road
McLean, VA 22101
(Director, term expires July 6, 2006)

Yusuf Saleem
5205 A Street SE
Washington, DC 20019
(Director, term expires July 6, 2006)

Abdullah Shamim
18404 Flower Hill Way
Gaithersburg, MD 20879
(Director, term expires July 6, 2006)

Gayath Nur Kashif
3109 MLK Ave.
Washington, DC 20032
(Director, term expires July 6, 2007)

Malak Elrefai
1007 Challeden Road
Great Falls, VA 22066
(Director, term expires July 6, 2007)

Administrative Services are provided by:

Imad-ad-Dean, Inc.*
4323 Rosedale Avenue
Bethesda, MD 20814

(We have no paid employees to date.)

*Disclosure: Imad A. Ahmad, Ph.D. is President of Imad-ad-Dean, Inc. and owned 100% of the stock of the company throughout the period covered by this annual report and Bahijah Abdus-Salaam is a subcontractor to Imad-ad-Dean, Inc.

Islamic-American Zakat Foundation
Statement of Support and Revenue, Expenses, and Changes in Fund Balance
for Fiscal Year 2006 (Nov. 1, 2005 - Oct. 31, 2006)
with Comparative Totals for FY 2005

	2006			2005	
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
SUPPORT AND REVENUE					
Direct Public Support:					
Contributions (Sadaqa)	18,684.85			18,684.85	23,299.33
Contributions (Zakat)	34,787.83			34,787.83	29,972.50
Contributions (Fitra)	3,062.49			3,062.49	3,929.90
Contributions (Da'wa)	106.00			106.00	91.00
Contributions (In-kind)				0.00	7.40
Foundation grants	500.00			500.00	0.00
Non-profit organization grants	3,519.25			3,519.25	6,000.00
Total:	60,660.42		0.00	60,660.42	63,300.13
Indirect Public Support:					
Local Indep. Charities	[1]	55,108.20		55,108.20	45,550.92
Maryland Charity Camp.	[1]	317.29		317.29	6,392.85
United Way Campaigns		7,253.78		7,253.78	2,688.57
America's Charities		6,076.62		6,076.62	5,524.88
International Monetary Fund		1,135.00		1,135.00	1,452.45
Help the Homeless Campaign			41,635.00	41,635.00	33,910.00
Others	[3]	3,492.50		3,492.50	2,292.00
Total:		0.00	73,383.39	41,635.00	115,018.39
Net Assets Released from Restrictions:	61,609.67	-61,609.67		0.00	0.00
Dividends and Interest	5.70			5.70	3.52
Net increase (decrease) in carrying value of investments:					
Dow Jones Islamic Index Fund	[4]	372.99		372.99	208.79
TOTAL SUPPORT AND REVENUE	122,648.78	11,773.72	41,635.00	176,057.50	161,324.11
EXPENSES					
Program Service:					
Individuals	67,569.17		34,388.82	101,957.99	70,022.53
Organizations	834.08			834.08	3,775.00
Foreign	0.00			0.00	0.00
Da'wa	0.00			0.00	0.00
Total:	68,403.25		34,388.82	102,792.07	116,235.94
Supporting Services:					
Management and General	12,346.01			12,346.01	13,149.93
Fundraising	1,516.75			1,516.75	2,075.32
Total:	13,862.76		0.00	13,862.76	15,225.25
Losses Due to Uncollected Pledges:	[5]	0.00	207.83	207.83	2,779.09
Bad debt expense				0.00	
TOTAL EXPENSES	82,266.01	207.83	34,388.82	116,862.66	134,240.28
EXCESS OF SUPPORT AND REVENUE OVER EXPENSES					
	40,382.77	-14,924.77	7,246.18	59,194.84	27,083.83
Net assets on Nov. 1:	94,606.53	43,239.21		94,606.53	67,522.70
Net assets on Oct. 31:	134,989.30	28,314.44	7,246.18	153,801.37	94,606.53

Notes:

[1] Based on historical experience we allow a standard 20% of pledges for Local Independent Charities, the Maryland Charity Campaign, and America's Charities to cover unfilled pledges in the current fy.

[2] Dureing the midle of the ear we learned that the donors place no restrictions on the Help the Homeless grant. We elected to spend the money on preventing homelessness in any case.

[3] \$2929.25 from Syed Moihamed and Sharifah Zaitun Albukhary Waqf and \$600 fromk El-Genk Family Trust.

[4] 424.711 shares of Dow Jones Islamic Index Fund of which 424.204 shares were held valued at \$2,778.88 on 10/31/04 plus .507 shares purchased for 6.94 on

[5] We have written off fy 2003 uncollected pledges from America' Charities.

Islamic-American Zakat Foundation Balance Sheet
2006 Fiscal Year (Nov., 2005 - Oct., 2006)
With Comparative Totals for 2005

		2006			2005
		UNRESTRICTED	RESTRICTED	TOTAL	TOTAL
CURRENT ASSETS					
Checking account - United Bank	[1]	46713.76	16543.59	63257.35	32809.05
Petty Cash		52.26		52.26	69.26
Deposits and Prepaid Expenses	[2]	1691.14		1691.14	3118.24
Pledges Receivable	[3]	1349.16	83872.29	85221.45	62438.76
Loans	[4]	170.33		170.33	100.00
Investments, at market - DJIIF	[5]	3369.88		3369.88	2991.19
Qur'ans		0.00		0.00	0.00
Postage		155.94		155.94	765.44
Inventory for use		501.80		501.80	50.00
Brochures		10.00		10.00	10.00
Inventory for sale	[6]	914.00		914.00	914.00
Other				0.00	202.47
TOTAL CURRENT ASSETS		54928.27	100415.88	155344.15	103468.41
FIXED ASSETS					
Furniture and Fixtures	[7]	139.27		139.27	121.27
TOTAL ASSETS		55067.54	100415.88	155483.42	103589.68
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
Help the Homeless Fund donations		-30.00		-30.00	25.00
Accounts Payable and Accrued Expenses	[8]	4509.36		4509.36	12012.21
Deferred Contributions					
TOTAL CURRENT LIABILITIES		4479.36	0.00	4479.36	12037.21
FUND BALANCE		50588.18	100415.88	151004.06	91552.47
TOTAL LIABILITIES AND FUND BALANCE		55067.54	100415.88	155483.42	103589.68

Notes:

[1] Help the Homeless funds were treated as restricted funds in the mistaken belief that they were only to be spent on homeless.

[2] \$1500 security deposit; \$1500 prepaid office rent, \$141.14 prepayment to Imad-ad-Dean, Inc.

[3] Pledges outstanding at the end of fy 2006 were \$74,305.75 from Local Independent Charities, \$1,424.26 from Maryland Charity Campaign, \$2,730.98 from various United Way campaigns \$400.00 from the IMF, \$3,130.21 from America's Charities \$2,716.50 from the World Bank, and \$1,349.16 from the Network for Good less \$850.51 in allowances for doubtful pledges.

[4] Outstanding loan is balance due on to Imad-d-Dean Inc. due to an overcharge by a hotel for a room for a homeless client.

[5] 424.711 shares purchased for \$2.53 on 12/28/01 plus 1.111 shares purchased for 5.79 on 12/31/02 plus 0.699 shares purchased for \$6.57 on 12/31/03 plus .507 purchased for \$3.52 on 12/31/04 for a total of 424.711 shares..

[6] \$914 in donated jewelry.

[7] Furniture, furnishings and equipment acquired for office.

[8] Imad-ad-Dean Inc. invoices in accrual period.

Islamic-American Zakat Foundation
Statement of Functional Expenses for 2006 Fiscal Year (Nov., 2005 - Oct. 2006) with Comparative Totals for FY 2005

	Program Services				Supporting Services			Total Expenses	
	Individuals	Orgs.	Da'wa	Total	General	Fundrais.	Total	2006	2005
Direct Costs									
Distributions [1]	59,809.05	735.00		60544.05				60544.05	73797.53
Direct Services [2]	28,573.65			28573.65				28573.65	35334.00
Indirect Costs	3963.04	32.96		3996.00				3996.00	
Admin. & Acct. [3]	0.00	0.00	0.00		10254.00		10254.00	10254.00	11801.00
Advertising	74.84			74.84	22.14	574.80	596.94	671.78	1011.48
Bank Services	68.00	0.00	0.00	68.00	15.00		15.00	83.00	120.00
Computer Serv. [4]	178.52	1.48	0.00	180.00	180.00		180.00	360.00	505.41
Printing/Public. [5]	157.04	1.31	0.00	158.35	29.40	318.83	348.23	506.58	552.93
Postage [6]	810.76	6.74	0.00	817.50	74.07	615.00	689.07	1506.57	1348.40
Telephone [7]	1518.09	0.00	0.00	1518.09	443.97	0.00	443.97	1962.06	1129.37
Office Supplies [8]	13.26	0.11	0.00	13.37		8.12	8.12	21.49	154.75
Rent [9]	6069.53	50.47	0.00	6120.00			0.00	6120.00	4553.48
Insurance [10]	247.94	2.06	0.00	250.00			0.00	250.00	250.00
Organizational [11]	0.00	0.00	0.00	0.00	1,307.91		1307.91	1307.91	474.00
Taxes	0.00	0.00	0.00	0.00			0.00	0.00	0.00
Travel & Meeting [11]	474.28	3.94	0.00	478.22	19.52		19.52	497.74	427.78
Miscellaneous							0.00	0.00	1.06
Total:	101957.99	834.08	0.00	102792.07	12346.01	1516.75	13862.76	116654.83	131460.13
Percentage:				88.12%	10.58%	1.30%	11.88%	100.00%	

Notes

[1] Organizational grants in fy 2006 consisted of \$500 to the Islamic Freedom Foundation to assist the poor and needy, \$200 to the Muslim Intercommunity Network for Eid goodie bags, and \$35 to the Mass Freedom Foundation to free the bondsman.

[2] Direct services costs to individuals were all associated with the implementation and execution of the MEDINA program for social service and volunteer coordination. Costs were mainly for the costs of the Field Coordinator and for the President's time allocated to program operation. The Medina program provided direct social services to the needy including counseling and referral and developing long-term solutions to their problems.

[3] All administrative and accounting time is allocated to the account to which it was billed by the contractor. Accounting costs include cost of an audit required by the Combined Federal Campaign.

[4] Web hosting costs are evenly divided between programs and fundraising unless billed to another category.

[5] Allocated to general expenses unless billed to another category.

[6] Costs distributed according to actual use. In compliance with SOP 98-2 1000 joint fundraising and informational pieces were allocated to fundraising and pieces on behalf of FNMA's Help the Homeless campaign were divided evenly between fundraising and program services.

[7] Divided evenly between programs and general unless billed to a specific category.

[8] In compliance with SOP 98-2 1000 joint fundraising and informational pieces were allocated to fundraising and pieces on behalf of FNMA's Help the Homeless campaign were divided evenly between fundraising and program services.

[9] Occupancy is for the organization's main office, including MEDINA program operations.

[10] Insurance is required for maintaining MEDINA program with Volunteer Maryland! Standards.

[11] In 2005 additional organization expenses were incurred to comply with Maryland law requiring corporations to indicate their corporate status in their name.

[12] Program travel and meeting expenses include Help the Homeless orientation and fulfillment, board meetings, and volunteer meetings.