

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

## ISLAMIC - AMERICAN ZAKAT FOUNDATION

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

### 2019 ANNUAL REPORT

(Dec. 28, 2020 C.E.)

Dear Brothers and Sisters:

This is our annual report for fiscal year that ended on Dec. 31, 2019. We are grateful to Allah, the Exalted, that we continue to grow in our ability to meet the needs of the ummah, which also grow. We spent over \$203,000 on our charitable programs in the fiscal year reported here, a 27% increase over the year before. 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 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.

Disbursements totaling \$141,194 were made to 373 different poor or needy families or individuals for fuel, shelter, clothing, debt reduction, and emergency transportation. We distributed aid totaling \$118,890 to 227 recipients 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 \$6,471 for transportation needs. We made partial or full payment of utility bills, totaling \$11,389 for 20 families to restore service or prevent a cutoff. We assisted many of those families in making payment arrangements for any balance on their bills. \$1,800 was distributed to 101 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. \$1,429 was used to pay medical expenses for three different needy families. In addition, we assisted people in obtaining furniture, bedding, storage, and clothing and in other ways helping them to overcome problems preventing them from sustaining themselves. This included \$2,166 in direct aid, and in other cases we referred them to other social service agencies. In addition, we have helped many families through the efforts of our Case Manager 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

## **SUCCESS STORIES**

Sr. JC is the unemployed divorced mother of two unemployed adults in failing health. She initially had difficulty meeting our Medina Plan requirements, but once she understood our grant was conditional on doing compliance with therapeutic services for her and her children and seeking referrals to vocational and budgeting resources, she is now a Registered Nurse and getting appropriate care for her and her adult child and minor grandchild.

Sr. NB is the single mother of three whom we had helped before. After helping her to avoid homelessness, she has worked with resources we provided and others of her choice to maintain budget planning, vocation training/placement, and obtaining guidance for herself and her children in the processing life's stresses. She has now moved into a new home and is working full time despite the loss of her hand. Her eldest child is in community college and moved out. Her younger children have 4.0 GPAs and one son is being scouted by college football recruiters. She is still facing the possibility of being forced to go on SSDI due to underlying health issues, but she currently has no debt and she and her son frequents a local masjid.

## **THANK YOU NOTES**

We have received a number of thank you notes, of which this is a selection of excerpts:

"I'm so inspired by your commitment to our most vulnerable neighbors. Thanks to your generous gift of \$400 can end their homelessness and move forward in their lives...." -- Susie Sinclair-Smith, Executive Director, Montgomery County Coalition for the Homeless

"I got the check that you all mailed out to me and I thank you very much. And may God bless you all and me." -- (name withheld)

"Thank you ... [for] the gracious deed." -- (name withheld)

"Thanks to your contribution, my second eye surgery has been successfully conducted. I'm truly grateful to you for your kindness and effort to help. May Allah always showers His blessings on you and continues to help you in assisting those in need." -- (name withheld)

## **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 Council on American-Islamic Relations, FAITH, the Minaret of Freedom Institute, and various mosques to maximize effectiveness.

We send money abroad through other 501(c)(3) organizations for emergency disaster relief.

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**

Directors as of the end of 2019:

Imad A. Ahmad, Ph.D., President  
Bethesda, MD 20814

Omar Atia, Secretary  
McLean, VA 22101

Bassem Ahmed, Treasurer  
Leesburg, VA 20176

M. Abdus-Salaam Ahmad  
Beltsville, MD 20705

Yusuf Saleem  
Washington, DC 20019

Ramy Osman  
Alexandria, V A 22315

Administrative Services are provided by:

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

---

\*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.

***Islamic American Zakat Foundation, Inc***  
***4323 Rosedale Avenue***  
***Bethesda, MD 20814***

***Financial Report***

***December 31, 2019***

# Islamic American Zakat Foundation, Inc

## Financial Report

*December 31, 2019*

### **TABLE OF CONTENTS**

	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Schedule of General and Administrative Expense	6
Reconciliation of Statement of Activities to Form 990	7
Notes of Financial Statements	8-14

# ACCOUNTING, TAX, AND FINANCIAL SERVICES, LLC

---

## Independent Auditor's Report

October 8, 2020

To The Board of Directors  
Islamic American Zakat Foundation

We have audited the accompanying statement of financial position of Islamic American Zakat Foundation (IAZF) (a not-for profit organization) as of December 31, 2019 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Islamic American Zakat Foundation. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Management Responsibility to the Financial Statements**

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

### **Auditors Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Islamic American Zakat Foundation as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United State of America.

# ACCOUNTING, TAX, AND FINANCIAL SERVICES, LLC

---

## Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statement as a whole.

## Report on Summarized Comparative Information

We have previously audited the Islamic American Zakat Foundation's 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 30, 2019. In our opinion, the summarized comparative information presented herein as of the end of the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Accounting, Tax and Financial Services, LLC  
Gaithersburg, MD  
October 8, 2020



# Islamic -American Zakat Foundation

## *Statement of Financial Position*

**As of December 31, 2019**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>12/31/18</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 16,454	\$ -	\$ 16,454	\$ 45,461
Investment and Marketable Securities	37,268	6,450	43,719	34,450
Pledges Receivable		58,846	58,846	64,891
Allowance for Doubtful Accounts		(851)	(851)	(851)
Other Current Assets	2,922		2,922	3,425
<b>Total Current Assets</b>	<b>\$ 56,644</b>	<b>\$ 64,446</b>	<b>\$ 121,090</b>	<b>\$ 147,377</b>
<b>Non-Current Assets</b>				
Security Deposit	3,465		3,465	3,465
<b>Total Non-Current Assets</b>	<b>\$ 3,465</b>	<b>\$ -</b>	<b>\$ 3,465</b>	<b>\$ 3,465</b>
<b>Fixed Assets</b>				
	\$ 390		\$ 390	\$ 390
<b>Total Assets</b>	<b>\$ 60,499</b>	<b>\$ 64,446</b>	<b>\$ 124,945</b>	<b>\$ 151,232</b>
<b>Liabilities</b>				
Accounts Payables	\$ 96		\$ 96	\$ 8,656
Other Short Term Liabilities	983		983	3,691
<b>Total Liabilities</b>	<b>\$ 1,079</b>	<b>\$ -</b>	<b>\$ 1,079</b>	<b>\$ 12,347</b>
<b>Net Fund Balance</b>	<b>\$ 59,420</b>	<b>\$ 64,446</b>	<b>\$ 123,866</b>	<b>\$ 138,886</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 60,499</b>	<b>\$ 64,446</b>	<b>\$ 124,945</b>	<b>\$ 151,232</b>

See Notes to Financial Statements

Islamic -American Zakat Foundation

Statement of Activities

As of December 31, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>12/31/18</u>
<b>Revenues and Support</b>				
Direct Public Support	\$ -	\$ 240	\$ 240	\$ 251
Contributions (Sadaqa)	76,398		76,398	84,619
Contributions (Zakat)		49,686	49,686	33,471
Contributions (Fitra)		893	893	958
Contributions (In-Kind)	156		156	-
Donated Professional Services Per GAAP	750		750	-
<b>Total Direct Public Support</b>	<b>77,304</b>	<b>50,820</b>	<b>128,124</b>	<b>119,299</b>
<b>Indirect Public Support</b>				
Local Independent Charities	\$ -	\$ 33,135	\$ 33,135	26,471
United Way Campaign		1,499	1,499	550
American Charities			-	-
Other		125	125	15,479
World Bank		95,097	95,097	76,180
<b>Total Indirect Public Support</b>	<b>\$ -</b>	<b>\$ 129,856</b>	<b>\$ 129,856</b>	<b>\$ 118,680</b>
Non-Profit Organization Grant		-	-	22,273
<b>Adjusted Indirect Public Support</b>	<b>\$ -</b>	<b>\$ 129,856</b>	<b>\$ 129,856</b>	<b>\$ 140,953</b>
<b>Total Direct and Indirect Support</b>	<b>\$ 77,304</b>	<b>\$ 180,675</b>	<b>\$ 257,979</b>	<b>\$ 260,252</b>
<b>Net Assets Released form Restrictions</b>	184,974	(184,974)		
<b>Other Income</b>				
Dividend Income	452		452	372
Realized Capital Gains (Losses)	2,450		2,450	1,466
Other Miscellaneous Income	44		44	500
<b>Total Support and Revenue</b>	<b>\$ 265,223</b>	<b>\$ (4,299)</b>	<b>\$ 260,925</b>	<b>\$ 262,590</b>
<b>Expenses</b>				
<b>Program Services</b>				
Program Services	257,870		257,870	240,106
Grants to Other Organizations	499		499	915
<b>Total Program Services</b>	<b>\$ 258,369</b>	<b>\$ -</b>	<b>\$ 258,369</b>	<b>\$ 241,021</b>
<b>Supporting Services</b>				
General and Administrative	19,606	-	19,606	21,059
Fundraising	4,337		4,337	4,254
<b>Total Supporting Services</b>	<b>\$ 23,942</b>	<b>\$ -</b>	<b>\$ 23,942</b>	<b>\$ 25,313</b>
Losses Due to Uncollected Pledges		-	-	-
<b>Total Expenses</b>	<b>\$ 282,311</b>	<b>\$ -</b>	<b>\$ 282,311</b>	<b>\$ 266,334</b>
<b>Excess of Revenue &amp; Support Over Expenses</b>				
	<b>\$ (17,088)</b>	<b>\$ (4,299)</b>	<b>\$ (21,386)</b>	<b>\$ (3,744)</b>
<b>Net Assets</b>				
Market Value Adjustment - Marketable Securities	6,367	-	6,367	(3,365)
Fund Balance - Beginning of the Year	70,141	68,745	138,886	138,886
<b>Net Fund Balance - End of the Year</b>	<b>\$ 59,420</b>	<b>\$ 64,446</b>	<b>\$ 123,866</b>	<b>\$ 131,777</b>

See Notes to Financial Statements

**Islamic -American Zakat Foundation**

*Statement of Cash Flows*

As of December 31, 2019

<b>Cash Flows from Operating Activities</b>	<u>12/31/18</u>	
Increase(decrease) in Net Assets	\$ (15,020)	\$ (3,744)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Charges in assets and liabilities affecting form operations		
Decrease (Increase) in current assets		
Pledges Receivable	6,045	2,251
Other Current Assets	503	(1,127)
Increase (Decrease) in liabilities		
Accounts Payable	(8,560)	8,656
Other Current liabilities	(2,708)	2,567
Net Cash Provided by Operating Activities	<u>\$ (19,739)</u>	<u>\$ 8,603</u>
<b>Cash Flows from Financing Activities</b>		
Marketable Securities Value Change	\$ (9,268)	\$ (1,527)
Other Adjustments	-	95
<b>Cash Flows from Financing Activities</b>	<u>\$ (9,268)</u>	<u>\$ (1,432)</u>
<b>Net Increase (Decrease) in Cash</b>	<u>\$ (29,007)</u>	<u>\$ 7,171</u>
Beginning of the year	\$ 45,461	38,291
<b>End of the Year</b>	<u>\$ 16,454</u>	<u>\$ 45,462</u>

See Notes to Financial Statements

**Islamic -American Zakat Foundation**  
**Schedule of Functional, General and Administrative Expenses**

**For the Year Ended December 31, 2019**

	Program Services			Support Services			Total	<u>12/31/18</u>
	Direct Individual Support	Program Services - Indirect Individual Support	Total Program Services	Fundraising and Special Events	Administrative	Total Support Services		
Administrative and Professional Fees	\$ 5,280		\$ 5,280	\$ -	\$ 17,880	\$ 17,880	\$ 23,160	\$ 13,170
Advertising Costs			-	3,562		3,562	3,562	3,482
All Other Costs		5,647	5,647		100	100	5,747	666
Assistance to Individuals	2,250	14,400	16,650			-	16,650	13,536
Bank Charges			-		17	17	17	87
Computer Expense		398	398		360	360	758	720
Conferences, Conventions and Meetings			-		207	207	207	221
Food and Shelter	117,390	22,055	139,444			-	139,444	112,269
Grants to Other Organizations	499		499			-	499	915
Insurance		250	250			-	250	250
Medical, Transportation and Other Costs			-			-	-	10,625
Occupancy Expense		12,441	12,441			-	12,441	10,260
Operating Cost			-			-	-	5,548
Organization and Corp Expense			-		910	910	910	2,654
Postage, Shipping and Delivery	481		481	401	109	509	990	1,469
Printing and Copying		129	129	68	23	90	220	204
Secretarial Service	2,520		2,520			-	2,520	6,640
Social Services, Counseling and Referrals - Medina Program		72,000	72,000			-	72,000	67,276
Supplies		401	401			-	401	450
Telephone	1,339		1,339	295		295	1,634	1,500
Travel		69	69	11		11	80	136
Uncollectible Pledges		125	125			-	125	14,254
Other Costs		695	695			-	695	
<b>Total</b>	<b>\$ 129,759</b>	<b>\$ 128,610</b>	<b>\$ 258,369</b>	<b>\$ 4,337</b>	<b>\$ 19,606</b>	<b>\$ 23,942</b>	<b>\$ 282,311</b>	<b>\$ 266,334</b>

**Islamic -American Zakat Foundation**

**Reconciliation of Statement of Activities - Audited Financial Statement to Form 990  
FY 2019**

<b>Revenue and Support - Audited Financial Statements</b>	\$ 260,925
<b>Revenue and Support - Form 990</b>	<u>260,925</u>
<b>Expenses - Audited Financial Statements</b>	\$ 282,311
<b>Expenses - Form 990</b>	<u>\$ 282,311</u>

**Islamic – American Zakat Foundation (IAZF, Foundation)**  
**Notes to Financial Statements**  
**For the Year ended December 31, 2019**

**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Note -1 Nature of Activities**

The Islamic-American Zakat Foundation (the “Foundation”) is an exempt organization under the Internal Revenue Code Section 501(c) (3). The Foundation was established on November 12, 1986 with a mission to provide food, shelter, clothing, and transportation assistance for the poor and needy, orphans, wayfarers, and other persons needing and deserving of charity under Islamic law. The Foundation collects and distributes obligatory and voluntary charity called zakat and sadaqa, donated by mostly Muslims throughout the country. The Foundation’s primary objective is to serve poor and needy Muslims in the United States, eligible non-Muslims around the country are also helped, while some aid might be sent abroad to help poor and/or needy orphans and other children.

**Note – 2 Summary of Significant Accounting Policies**

**Basis of Accounting**

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

**Financial Statement Presentation**

The classification of a not-for profit organization’s net assets and its support, revenue and expenses is based on the existence or absence of donor imposed restrictions that amounts each of the classes of net assets – with donor restriction and without donor restrictions – be displayed in a statement of financial position and that the amounts of changes in each of those classes of net assets de displayed in a statement of activities.

These classes of net assets are defined as follows:

*With Donor Restrictions* – This class consists of net assets resulting from contribution and other inflow of assets whose use by Muslim Aid is limited by the donor imposed stipulation that either expire by the passage of time or can be fulfilled and removed by the action of the organization. When such stipulations are fulfilled, such donor restricted net assets are classified to net assets without donor restrictions. Net assets resulting from contributions whose use is limited by donor imposed restriction are classified as net assets with donor restriction.

*Without donor restrictions* – Contributions and other inflow of assets that are not subject to donor-imposed restrictions.

As of December 31, 2019 the organization’s net assets were classified as without donor restrictions and with donor restrictions net assets.

Restricted revenue whose restrictions are met within the same year as received (that is, when the purpose restriction is accomplished) are reported as with donor restriction

revenue and as net assets released from restriction in the accompanying financial statements.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, IAZF considers actual cash held in the petty cash account and actual checking account balances as cash. Cash equivalent represent short-term investments.

### **Investments**

Investments primarily consist of mutual funds. Investment are adjusted to their fair market value at the statement of financial position date, resulting in either an unrealized gain or loss.

### ***Fair Value Measurements and Disclosures***

GAAP establishes a three level hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as IAZF would use in pricing IAZF's assets or liabilities based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sources from a broad active market in which assets or liabilities identical or similar to those of IAZF are traded.

Level 1. Valuations are based on quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2. Valuations are based on (i) quoted prices – those investments, or similar investments in active markets; (ii) quoted prices – those investment or similar investments in markets that not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments or similar invests that redeemable at or near the balance sheet date and for which a model was derived for valuation

Level 3. Valuation are based on inputs that unobservable and reflect management's estimate of what market participants would use as fair value.

### **Revenue Recognition**

IAZF recognizes contributions from direct public support when funds are actually received. The Foundation does not recognize pledges as the contributors are under no obligation to pay or continue their support. It is the understanding, of the donor and the organization, that the amounts designated by the donors are neither conditional nor restricted funds but unrestricted.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of

revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, Revenue Recognition, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic companies for annual periods beginning after December 15, 2019. The Foundation has not evaluated the impact of the provisions of ASC 606

The Foundation recognizes contributions from direct public support or individuals when funds are actually received since contributors are under no obligation to continue their support. These contributions are made by donors for Zakat-al-mal; Zakat-al-fitr (sadaqat-al-fitr, fitr), and sadaqa. It is the understanding of the donor and the Foundation that the amounts designated by the donors are neither conditional nor restricted funds but unrestricted.

Zakat-al-mal or Zakat must be paid by all Muslims whose net worth for the preceding year has remained above the exemption called nisab. Nisab has been estimated at \$4,000. Zakat may be paid anytime within the Islamic year.

Zakat-al-fitr (sadaqat-al-fitr) is a flat amount per household member paid by the head of the household for himself and his dependents. It has been estimated at approximately \$10.00 per person.

Sadaqa is a voluntary charity which may be made at any time. It can be of any amount “beyond your need”. It can also be a non-monetary contribution.

The Foundation recognizes pledges receivable and accompanying revenues when the obligations by indirect public sources are incurred. The indirect public organizations collect pledges based on direct and undesignated funds predetermined by various employees and retirees who participate in these campaigns. These intermediary agencies, such as the Local Independent Charities and Maryland Charity Campaign, provide the contributions collected for that period and accordingly recognized as pledge receivable...

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may vary.

### **Pledges Receivable**

The Foundation maintains a Pledges Receivable account from various indirect support organizations. The amounts presented in financial statements are based on figures provided by these organizations, which collect pledges based on direct and undesignated funds predetermined by various employees and retirees who participate in various campaigns. The contributions receivable balances are periodically adjusted based on the amount of pledges received and indirect support organization’s periodic write-offs, calculated by these organizations. Uncollectible pledges for the audit period were \$ 125. These amounts were deemed uncollectible by the agency, and thus written-off by the organization. Verification of these balances and assumptions behind them were not within the scope of the audit and thus the auditor does not express an opinion on these balances.



## **Property and Equipment**

IAZF rents an office space at 4641 Montgomery Ave Ste. 30, Bethesda. The equipment and furniture needed to furnish the office space has been obtained through purchases by the Foundation, donated for the Foundation use, or contributions by the Foundation's donors, which will then be considered property and equipment belonging to the Foundation. Some of furniture donated for Foundation use belongs to the donors and is not included in Foundation's financial statements. Total amount spent on fixed asset purchases for FY 2019 fiscal year was \$0.00.

## **Comparative Financial Information**

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. With respect to statement functional expenses, the prior year expenses are presented by expense classification in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with the generally accepted accounting principles. Accordingly, such information should be read in conjunction with Muslim Aid's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

## **Functional Expense Allocation**

The cost of providing for the various programs and supporting services have been summarized

on a functional basis in the consolidated statement of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited

## **Recently Adopted Accounting Pronouncements**

### **Presentation Financial Statement of Not-For-Profit Entities**

In August 2016, the Financial Accounting Standards board (FASB) issued Accounting Standards Update (ASU) 2016-14 to improve the presentation of financial statements of not-for-profit entities. ASU 2016-14 impacts all not-for-profit entities in scope of Topic 958, as well as health care entities subject to the nonprofit guidance in Topic 954. This is the first major change to the nonprofit financial statement model in over 20 years, which is intended to provide more useful information to donors, grantors, and other users.

IAZF adopted ASU 2016-14 for the September 30, 2019 financial statements.

### *Recently Issued but Not Yet Adopted Pronouncements*

FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of ASC Topic 958, *Not for Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

Management has determined that this ASU did not significantly impact charity: water's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes FASB ASC Topic 840, Leases, and requires lessees to recognize most leases on balance sheet via a right-of-use asset and a lease liability and additional qualitative and quantitative disclosures. Leases will be classified as either finance or operating leases, which will impact expense recognition of such leases over the lease term. The ASU also modifies the lease classification criteria for lessors and eliminates some of the real estate leasing guidance previously applied for certain leasing transactions. charity: water is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements and will adopt the standard in the upcoming years in accordance with the required effective date.

### **Loans**

The Foundation, has in the past occasionally, extended loans, instead of grants, to needy individuals and organizations. However, the current policy, in effect for the audit period was to extend no loans. Notes Receivable balance as of December 31, 2019 was \$ 0.

### **Subsequent Events**

The organization has evaluated its December 31, 2019 financial statements for subsequent events through October 8, 2020 the date the financial statements were available to be issued. The organization is not aware of any subsequent events which would require additional recognition or disclosure in the financial statements.

### **Note – 3 Related Parties/Self Dealing Transactions**

The Foundation has entered into a contract for program and general administrative services obligating the Foundation to pay certain fees and compensation for services rendered by Imad-ad-Dean, Inc. (IAD), a 100% owned company of Imad A. Ahmad, the current President and Board Member of the Foundation. For the most part, the contract obligates the Foundation in the following manner:

The contract with IAD was modified on Sept 01, 2019 as follows:

The Foundation shall pay a flat base fee of \$8,900 per month, which shall be allocated as follows:

Service Description	Program Cost	General Overhead
Computer Services	\$30	\$30
Accounting/Bookkeeping	\$0	\$660
Program Administration	\$210	\$210
Program Operation	\$1,200	\$0
Clerical	\$440	\$120
Madina Program	\$6,000	\$0
Total	\$7,880	\$1,020

Total payment to IAD, including the charges above and various reimbursement expenses for the period ending December 31, 2019 were \$ 107,083.

Furthermore, Imad A. Ahmad is the President and Board member of two additional not-for-profit organizations Minaret of Freedom Institute, (the “Institute”) and Syed Mohamed and Sharifah Zaitum Albukhary Waqf, Inc (the “Endowment”). The Institute is an Islamic policy research institute, a 501(c) (3) organization that received contributions of \$16,993.34 during the same audit period of 2019. Dr. Ahmad’s company IAD also has a contractual arrangement with the Institute to provide services based on similar terms nearly identical to the Foundation. IAD received payments from the Institute totaling \$12,962 relating to accounting, program services, various general administrative fees, and various reimbursements for the same audit period

The Endowment, where Dr. Ahmad is the President and Board member, is a 501(c) (3) organization that retains an endowment of approximately \$96,916, the principal of which is permanently restricted. The profits and dividends generated by the Endowment are to be utilized exclusively for the benefit of the Foundation and the Institute. Dr. Ahmad’s company, IAD, also has a contractual arrangement similar to that of the Foundation, to provide similar services for the management of the endowment. IAD received \$372 from the Endowment relating to accounting, program services, and various general administrative fees for the same audit period.

For the audit period ending December 31, 2019, the Foundation and the Institute received \$998.06 and \$427.72 respectively, in a distribution from the Endowment. Endowment bylaws require a portion of any gains/losses during the year to be divided between the Institute and the Foundation.

Yusef Saleem and Omar Atia serve as board members of the Foundation as well as the Endowment.

**Note 4– Income Taxes**

The Foundation is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code, except to the extent of any unrelated business income. Foundation has no unrelated business income for the audit period.

**Note 5 – Donor Restricted Asset Detail**

Temporarily restricted net assets consist of the following:

	Temporarily Restricted
Local Independent Charities	\$46,292
MD Charities	1,546
Give Direct	1,013
World Bank Communities	4,982
American Charities	3,337
All Other	3,054
Total	<b><u>\$60,224.00</u></b>

### **Note -6 Pledges Receivable Detail**

The Foundation's pledges receivable transactions as of December 31, 2019 are as follows:

**As of 12/31/2019**

	<u>Year End Balance</u>	<u>Payment Received</u>	<u>Direct Write-off of Uncollectible</u>	<u>Current Year Pledges Recognized</u>
World Bank Community	\$4,982.17	\$94,840.87		\$95,097.37
America's Charities	3,337.35	2,000.6	0	0
Local Independent Charities	46,292.02	24,316.57		26,471
United Way	1,746.46	1,854.12	125	550
Give Direct	1,013.65	37,031		13,862
All Other	2,853			1,617
<b><u>Total</u></b>	<b><u>\$60,224.65</u></b>	<b><u>\$160,043.16</u></b>	<b><u>\$125</u></b>	<b><u>\$129,730.56</u></b>

### **Note 7 Liquidity and Availability of Resources**

IAZF regularly monitors liquidity required to meet its operating needs and other contractual commitments.

Cash and other financial assets available within one year at December 31, 2019:

Cash and Cash Equivalent	\$ 16,454
Pledge Receivable (not including the allowance of \$850)	\$60,224
Total Financial Assets	\$76,678
Less: unavailable for General expenditures within one year, due to Donor and board imposed restrictions	\$60,224
Financial Assets Available for General Use Within One Year	\$16,454

