

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

## ISLAMIC - AMERICAN ZAKAT FOUNDATION

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

### 2020 ANNUAL REPORT

(April 7, 2022 C.E.)

Dear Brothers and Sisters:

This is our annual report for fiscal year that ended on Dec. 31, 2020. We are grateful to Allah, the Exalted, that we continue we were able to survive the peculiar demands and challenges of the Covid crisis. We spent over \$106,986 on our charitable programs in the fiscal year reported here. This was a drop of almost 42% from the year before, mostly attributable to the decline in the number of applications caused by the moratoria on rent and utilities. Thanks to God's bounty, the generous donors this year increased their donations allowing us to build a war chest against the anticipated surge in demand to meet various needs, especially to avoid homelessness once the moratoria are lifted. 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 \$39,758 to benefit 215 people 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. Two recipients were given a total of \$802 for transportation needs. We made partial or full payment of utility bills, totaling \$3,991 for two families to restore service or prevent a cutoff. We assisted those families in making payment arrangements for any balance on their bills. \$1,880 was distributed to four poor families on the occasion of the Eid al-fitr so that they could celebrate the holiday feast in a proper fashion despite their poverty status. \$611 was used to pay medical expenses for a needy family. 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 \$746 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

We helped a disabled Palestinian immigrant who had to leave his previous part-time job as a cashier after a traffic accident prevented him from standing for more than 30 minutes each hour to keep his home. He has now obtained a permanent job and plans to contribute \$25/month so we can help others.

Sr. DN is an older single woman who lost her job due to illness (which might be Covid-19) in February. She is now working three temp jobs which we helped her to find. Due to her work effort she is first in line to be hired permanently. She originally needed over \$8000 and raised about \$6,000 in under three months under our supervision, despite her illness. She had planned on retiring before Covid. She no longer shows symptoms, and the cause remains a mystery to her doctors. We helped her get free medical care. We successfully helped her make payment arrangements with her creditors, which she is keeping. We helped mediate donations from her poor adult son's despite their financial problems and cultural taboos. The son's do not live with her and have large families of their own. If she is a repeat it will be due to the economy and not a lack of effort on her part.

Sr. NT is the unemployed, divorced mother of three who had to take eight weeks off work for an emergency hysterectomy. When she last applied five years ago she had lost a job due to cervical cancer. She has since succeeded in doubling her SSI to \$1500/month. She has complied with her Medina Plan, despite having had several brushes with death. Her eligibility has been enhanced by her and her son's deteriorating health, in addition to being a single parent DV survivor that escaped to a new state. Due to her infirmity, Milati Islami handled the enactment of CM's recommendations. She is likely to be financially stable in the near future, thanks in part to her compliance with IAZF recommendations and unyielding life effort. She has a stipend for her son and she has a permanent well-paying remote job lined up for her when she is release from care as well as pending entitlements such as SSDI.

## THANK YOU NOTES

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

- "I just want to Thank you ... for everything you guys have done for me and my family! It's definitely a blessing I could not image what I've would have done without IAZF's help!" (name withheld)
- "My heartfelt gratitude for your kind assistance with my rent.... Your kindness will always be remembered. God bless you. " (name withheld)
- "[Y]our in-kind gift for rent assistance ... in the amount of \$ 500.00 for the Harbor Place Morgan Property [was] helpful.... I am truly appreciating your assistance during the time of COVID19 pandemic epidemic crisis. For wonderful staff all hand on deck, You did not waste any time. ... I really appreciate your support from Islamic American Zakat Foundation. From the bottom of my heart, I hope that we will work together in the near future. After pandemic is no longer a threat. Our lives can get back to normal. But never forgetting people who help me along [the] way." -- <name withheld>
- "[T]he \$70 [in fitra money] was a golden gift this year due to the Covid crisis.... I wish to thank you very much for supporting me and my family. This year the \$70 made me able to buy chicken and fish, which we did not have during Ramadan. Thank you sincerely." - - <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 2020:

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

Omar Atia, Secretary  
McLean, VA 22101

Cecilia Ruff, 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

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\*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, 2020***

# Islamic American Zakat Foundation, Inc

## Financial Report

*December 31, 2020*

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# ACCOUNTING, TAX, AND FINANCIAL SERVICES, LLC

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## Independent Auditor's Report

September 23, 2021

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, 2020 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 these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted 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, 2020, and changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# ACCOUNTING, TAX, AND FINANCIAL SERVICES, LLC

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## 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 audited financial statements in our report dated October 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the end of the year ended December 31, 2019, 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  
September 23, 2021



# Islamic -American Zakat Foundation

## *Statements of Financial Position*

As of December 31, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>12/31/19</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 123,278	\$ -	\$ 123,278	\$ 16,454
Investment and Marketable Securities	44,633	6,688	51,320	43,528
Pledges Receivable		83,656	83,656	58,846
Allowance for Doubtful Accounts		(851)	(851)	(851)
Prepaid Expenses	350		350	(10)
Inventories For Use	2,078		2,078	2,018
Inventories for Sale	914		914	914
<b>Total Current Assets</b>	<b>\$ 171,254</b>	<b>\$ 89,493</b>	<b>\$ 260,747</b>	<b>\$ 120,899</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>\$ 175,109</b>	<b>\$ 89,493</b>	<b>\$ 264,602</b>	<b>\$ 124,754</b>
<b>Liabilities</b>				
Accounts Payables	\$ 18,848		\$ 18,848	\$ 96
Other Short Term Liabilities	(500)		(500)	983
<b>Total Liabilities</b>	<b>\$ 18,348</b>	<b>\$ -</b>	<b>\$ 18,348</b>	<b>\$ 1,079</b>
<b>Net Fund Balance</b>	<b>\$ 156,760</b>	<b>\$ 89,493</b>	<b>\$ 246,253</b>	<b>\$ 123,675</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 175,109</b>	<b>\$ 89,493</b>	<b>\$ 264,602</b>	<b>\$ 124,754</b>

See Notes to Financial Statements

Islamic -American Zakat Foundation

Statements of Activities

As of December 31, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>12/31/19</u>
<b>Revenues and Support</b>				
Direct Public Support	\$ -	\$ 1,340	\$ 1,340	\$ 240
Contributions (Sadaqa)	144,210		144,210	76,398
Contributions (Zakat)		42,829	42,829	49,686
Contributions (Fitra)		1,269	1,269	883
Contributions (In-Kind)	-		-	156
Donated Professional Services Per GAAP	750		750	750
<b>Total Direct Public Support</b>	<b>144,960</b>	<b>45,438</b>	<b>190,398</b>	<b>128,113</b>
<b>Indirect Public Support</b>				
Local Independent Charities	\$ -	\$ 28,786	\$ 28,786	33,135
IMF		2,335	2,335	-
United Way Campaign		7,806	7,806	1,499
Other		600	600	125
World Bank		42,359	42,359	95,097
All Other Fundraising Agencies		25,453	25,453	-
<b>Total Indirect Public Support</b>	<b>\$ -</b>	<b>\$ 107,339</b>	<b>\$ 107,339</b>	<b>\$ 129,856</b>
<b>Adjusted Indirect Public Support</b>	<b>\$ -</b>	<b>\$ 107,339</b>	<b>\$ 107,339</b>	<b>\$ 129,856</b>
<b>Total Direct and Indirect Support</b>	<b>\$ 144,960</b>	<b>\$ 152,777</b>	<b>\$ 297,737</b>	<b>\$ 257,969</b>
<b>Net Assets Released form Restrictions</b>	127,887	(127,887)		
<b>Other Income</b>				
Dividend Income	469	14	483	452
Realized Capital Gains (Losses)	2,281	1,608	3,888	2,450
Market Value Adjustment - Marketable Securities	4,615	(1,193)	3,422	6,176
Other Miscellaneous Income	1		1	44
<b>Total Support and Revenue</b>	<b>\$ 280,212</b>	<b>\$ 25,319</b>	<b>\$ 305,531</b>	<b>\$ 267,091</b>
<b>Expenses</b>				
<b>Program Services</b>				
Program Services	157,891		157,891	257,870
Grants to Other Organizations	430		430	499
<b>Total Program Services</b>	<b>\$ 158,321</b>	<b>\$ -</b>	<b>\$ 158,321</b>	<b>\$ 258,369</b>
<b>Supporting Services</b>				
General and Administrative	23,879	-	23,879	19,606
Fundraising	753		753	4,337
<b>Total Supporting Services</b>	<b>\$ 24,632</b>	<b>\$ -</b>	<b>\$ 24,632</b>	<b>\$ 23,943</b>
Losses Due to Uncollected Pledges		-	-	-
<b>Total Expenses</b>	<b>\$ 182,953</b>	<b>\$ -</b>	<b>\$ 182,953</b>	<b>\$ 282,312</b>
<b>Excess of Revenue &amp; Support Over Expenses</b>	<b>\$ 97,259</b>	<b>\$ 25,319</b>	<b>\$ 122,578</b>	<b>\$ (15,221)</b>
<b>Net Assets</b>				
Net Asset Balance - Beginning of the Year	59,501	64,174	123,675	138,896
<b>Net Fund Balance - End of the Year</b>	<b>\$ 156,760</b>	<b>\$ 89,493</b>	<b>\$ 246,253</b>	<b>\$ 123,675</b>

See Notes to Financial Statements

**Islamic -American Zakat Foundation**

*Statements of Cash Flows*

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**As of December 31, 2019**

<b>Cash Flows from Operating Activities</b>	<b><u>12/31/20</u></b>	<b><u>12/31/19</u></b>
Increase(decrease) in Net Assets	\$ 122,578	\$ (15,211)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Marketable Securities Value Change	\$ (8,013)	\$ (9,077)
Charges in assets and liabilities affecting form operations		
Decrease (Increase) in current assets		
Pledges Receivable	(24,810)	6,046
Other Current Assets	-	503
Increase (Decrease) in liabilities		
Accounts Payable	18,752	(8,560)
Other Current liabilities	(1,483)	(2,708)
Net Cash Provided by Operating Activities	<b><u>\$ 107,024</u></b>	<b><u>\$ (29,007)</u></b>
<b>Cash Flows from Financing Activities</b>		
Other Adjustments		
Cash Flows from Financing Activities	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
Net Increase (Decrease) in Cash	<b><u>\$ 107,024</u></b>	<b><u>\$ (29,007)</u></b>
Beginning of the year	\$ 16,454	45,461
End of the Year	<b><u>\$ 123,478</u></b>	<b><u>\$ 16,454</u></b>

See Notes to Financial Statements

**Islamic -American Zakat Foundation**  
**Statements of Functional Expenses**

For the Year Ended December 31, 2020

	Program Services			Support Services			Total	12/31/19
	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	\$ -	\$ 18,347	\$ 18,347	\$ 23,627	\$ 23,160
Advertising Costs			-	232	3,500	3,732	3,732	3,562
All Other Costs		2,512	2,512		300	300	2,812	5,747
Assistance to Individuals	1,520	14,400	15,920			-	15,920	16,650
Bank Charges			-		54	54	54	17
Computer Expense		360	360		360	360	720	758
Conferences, Conventions and Meetings			-		23	23	23	207
Food and Shelter	39,758	5,203	44,960			-	44,960	139,444
Grants to Other Organizations	430		430			-	430	499
Insurance		250	250			-	250	250
Medical, Transportation and Other Costs		11	11			-	11	-
Other Costs			-			-	-	-
Occupancy Expense		11,292	11,292			-	11,292	12,441
Operating Cost			-			-	-	-
Organization and Corp Expense			-		1,135	1,135	1,135	910
Postage, Shipping and Delivery	449		449	227	66	293	741	990
Printing and Copying	85		85	54	95	149	234	220
Secretarial Service	2,520		2,520			-	2,520	2,520
Professionla Services			-			-	-	-
Social Services, Counseling and Referrals - Medina Program		72,000	72,000			-	72,000	72,000
Misc			-			-	-	-
Supplies	28	25	54			-	54	401
Conferences, Conventions and Meetings		-	-			-	-	-
Telephone	1,265	115	1,380	240		240	1,620	1,634
Travel		98	98	-		-	98	80
Uncollectible Pledges		721	721			-	721	125
Other Costs		0	-			-	-	695
<b>Total</b>	<b>\$ 51,335</b>	<b>\$ 106,986</b>	<b>\$ 158,321</b>	<b>\$ 753</b>	<b>\$ 23,879</b>	<b>\$ 24,632</b>	<b>\$ 182,953</b>	<b>\$ 282,310</b>

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 equivalents, 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**

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.

**Islamic – American Zakat Foundation (IAZF, Foundation)**  
**Notes to Financial Statements**  
**For the Year ended December 31, 2020**

**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 States 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 be 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, 2020 the organization’s net assets were classified as both 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 restrictions

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 equivalents, 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**

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.

### **Property and Equipment**

IAZF rents office space at 4641 Montgomery Ave Ste. 30, Bethesda, MD. 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 furniture donated for Foundation use still belongs to the donors and is not included in Foundation’s financial statements. Total amount spent on fixed asset purchases for FY 2020 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 the statement of 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 IAZF’s financial statements for the year ended December 31, 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 December 31, 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.

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. Foundation 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, 2020 was \$ 0.

## **Subsequent Events**

The organization has evaluated its December 31, 2020 financial statements for subsequent events through September 23, 2021 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.

COVID 19 has been a big factor during 2020. Management does not believe that it will have a big impact on its operations.

## **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, 2020 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, 2020 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 \$14,708 during the same audit period of 2020. 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 \$14,708 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 \$1,681 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, 2020, the Foundation and the Institute received \$0 and \$0 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, Ramy Osman, Cecilia Ruff 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	\$54,548
Give Direct	11,824
United Way	15,978
Investments	6,688
All Other	455
<b>Total</b>	<b><u>\$89,493</u></b>

**Note 6 - Pledges Receivable Detail**

The Foundation’s pledges receivable transactions as of December 31, 2020 are as follows:

**As of 12/31/2020**

	<u>Year End Balance</u>	<u>Payment Received</u>	<u>Direct Write-off of Uncollectible</u>	<u>Current Year Pledges Recognized</u>
America’s Charities	66	3,271	-	
Local Independent Charities	54,548	22,532		30,788
United Way	15,978	2,241	125	16,959
Give Direct	11,824	25,195		36,005
All Other	1,200	5025.		43
<b>Total</b>	<b><u>\$83,616</u></b>	<b><u>\$58,264</u></b>	<b><u>\$125</u></b>	<b><u>\$83,795</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, 2020:

Cash and Cash Equivalent	\$ 122,280
	51,320
Marketable Securities	
Pledge Receivable	83,656
Allowance for Doubtful Accounts	(851)
Total Financial Assets	\$ <u>256,405</u>
Less: unavailable for General expenditures within one year, due to Donor-imposed restrictions	\$ 89,493
Financial Assets Available for General Use Within One Year	<u>\$166,912</u>

### **Note 8 - Reconciliation of Statement of Activities – Audited Financial Statements to Form 990**

<b>Description</b>	<b>Amount</b>
Revenue and Support Form 990	\$307,954
Unrealized Gain/Loss on Investments	3,421
Other Adjustments	(0)
Adjusted Revenue and Support Form 990	<u>\$304,533</u>
Revenue and Support Audited Financial Statements	<u>\$ 304,533</u>
Expenses Form 990	<u>\$182,953</u>
Expenses Audited Financial Statements	<u>\$182,953</u>