

BAITULMAAL, INC.

**AUDITED BASIC FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2013**

(WITH AUDITOR'S REPORT THEREON)

BAITULMAAL, INC.
IRVING, TX
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DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Baitulmaal, Inc.
East Point, Georgia

I have audited the accompanying Statement of Financial Position of Baitulmaal, Inc. (a nonprofit corporation) as of December 31, 2013 and the related Statements of Activities, Changes in Net Assets and Cash Flows for the year then ended. These financial statements are the responsibility of Baitulmaal, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baitulmaal, Inc. as of December 31, 2013, and changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 4 is presented for the 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 the 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Gregg S. Bossen, CPA, PC

April 29, 2014

BAITULMAAL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

	<u>ASSETS</u> <u>UNRESTRICTED</u>	<u>TEMPORARILY</u> <u>RESTRICTED</u>	<u>TOTAL</u>
CURRENT ASSETS:			
Cash and Cash Equivalents		\$546,281	\$546,281
Accounts Receivable		159,108	159,108
Donated Humanitarian Relief Supplies	32,657		32,657
Due from Unrestricted Net Assets		199,922	
Total Current Assets	<u>32,657</u>	<u>905,311</u>	<u>738,046</u>
LONG-TERM FIXED ASSETS:			
Building	96,153		96,153
Land	18,000		18,000
Furniture and Equipment	18,375		18,375
Vehicles	8,300		8,300
Less Accumulated Depreciation	<u>(42,524)</u>		<u>(42,524)</u>
Total Long-Term Fixed Assets	<u>98,304</u>	<u>-0-</u>	<u>98,304</u>
TOTAL ASSETS	<u>130,961</u>	<u>905,311</u>	<u>836,350</u>
CURRENT LIABILITIES:			
Due to Temporarily Restricted Net Assets	199,922		
Accrued Expenses	9,284		9,284
Payroll Liabilities	9,241		9,241
Other Liabilities	1,100		1,100
Total Current Liabilities	<u>219,547</u>	<u>-0-</u>	<u>19,625</u>
NET ASSETS:	(88,586)	905,311	816,725
TOTAL LIABILITIES AND NET ASSETS	<u>\$130,961</u>	<u>\$905,311</u>	<u>\$836,350</u>

See Auditor's Report and Notes to Financial Statements

BAITULMAAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
PUBLIC SUPPORT & REVENUE:			
Public Support:			
Corporate, Foundation & Individual Contributions	\$683,628	\$905,311	\$1,588,939
In-Kind Contributions	65,531		65,531
Net Assets, Restrictions Met	<u>546,852</u>	<u>(546,852)</u>	
Total Public Support	<u>1,296,011</u>	<u>358,459</u>	<u>1,654,470</u>
Other Revenue:			
Rental Income	15,100		15,100
Miscellaneous Income	5,652		5,652
Total Other Revenue	<u>20,752</u>	<u>-0-</u>	<u>20,752</u>
Total Public Support and Revenue	<u>1,316,763</u>	<u>358,459</u>	<u>1,675,222</u>
EXPENSES:			
Programs:			
Disaster Relief	417,269		417,269
Seasonal Campaign	277,139		277,139
Sustainable Development	121,479		121,479
Poverty & Relief Aid	245,279		245,279
Orphan Sponsorship	134,600		134,600
Qur'an in Braille	43,633		43,633
Management & General	123,787		123,787
Fundraising	<u>181,444</u>		<u>181,444</u>
Total Expenses	<u>1,544,630</u>	<u>-0-</u>	<u>1,544,630</u>
CHANGE IN NET ASSETS	<u><u>(\$227,867)</u></u>	<u><u>\$358,459</u></u>	<u><u>\$130,592</u></u>

See Auditor's Report and Notes to Financial Statements

BAITULMAAL, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

PROGRAMS									
	DISASTER RELIEF	SEASONAL CAMPAIGN	SUSTAINABLE DEVELOPMENT	POVERTY & RELIEF AID	ORPHAN SPONSORSHIP	QUR'AN IN BRAILLE	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Financial & Material Assistance	\$376,896	\$256,596	\$100,857	\$225,590	\$119,500	\$29,310	\$98		\$1,108,847
Salaries & Wages	25,905	13,905	10,238	6,905	9,905	7,571	27,756	51,905	154,090
Contractual Services				300			11,734	50,550	62,584
Advertising and Marketing	2,689	2,690	2,440	2,439	2,439	2,913		13,309	28,919
Travel	4,034			430		1,003	4,209	18,168	27,844
Conferences & Meetings								24,440	24,440
Credit Card Fees							16,958		16,958
Rent & Parking	1,888	1,888	1,888	1,888	1,888	1,888	1,417	1,416	14,161
Miscellaneous							13,845		13,845
Bad Debt Expense	2,650	955	5,220	4,400					13,225
Payroll Tax Expense	2,004	1,061	825	472	707	589	2,122	4,008	11,788
Postage and Shipping		44		145	161	359	3,008	6,866	10,583
Depreciation							9,358		9,358
Printing	277			140				8,336	8,753
Supplies	926		11	98			4,955	2,446	8,436
Repairs and Maintenance				1,167			6,009		7,176
Professional Fees							7,075		7,075
Bank & Service Charges							4,664		4,664
Telephone							3,590		3,590
Dues & Subscriptions							2,786		2,786
Property Tax							2,523		2,523
Licenses & Permits				270			1,385		1,655
Storage Rental				1,035			152		1,187
Insurance							143		143
TOTAL EXPENSES	\$417,269	\$277,139	\$121,479	\$245,279	\$134,600	\$43,633	\$123,787	\$181,444	\$1,544,630

See Auditor's Report and Notes to Financial Statements

BAITULMAAL, INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
BALANCE DECEMBER 30, 2012	\$139,281	\$546,852	\$686,133
CHANGE IN NET ASSETS	(227,867)	358,459	130,592
BALANCE, DECEMBER 31, 2013	<u>(\$88,586)</u>	<u>\$905,311</u>	<u>\$816,725</u>

See Auditor's Report and Notes to Financial Statements

BAITULMAAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$130,592
Adjustments to reconcile Excess to net cash provided by operating activities:	
Depreciation	9,358
(Increase) in Accounts Receivable	(111,033)
Decrease in Donated Inventory	10,257
Decrease in Loan Receivable	10,000
Increase in Accrued Expenses	431
Increase in Payroll Liabilities	2,471
Net cash provided by operating activities	52,076
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchased Furniture & Equipment	(567)
Net cash (used) by investing activities	(567)
NET CHANGE IN CASH	51,509
CASH AT DECEMBER 31, 2012	494,772
CASH AT DECEMBER 31, 2013	\$546,281

See Auditor's Report and Notes to Financial Statements

BAITULMAAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A)Nature of organization and operations:

Established in 2004, Baitulmaal, Inc. institutes compassionate projects worldwide to improve the lives of disaster victims, underprivileged children, the sick, elderly, orphans, widows, and needy families, regardless of nationality, race, or religion. Baitulmaal, Inc.'s activities are based on the principals of Islamic teachings, which stress the dignity and sanctity of human life. Baitulmaal, Inc's goal is to restore dignity and instil hope in communities hit hard by poverty and disaster. Baitulmaal, Inc. accomplishes its goal through short-term emergency disaster relief in the form of food, medical supplies, clothing and shelter, and in two ways: 1) through the long-term distribution of basic necessities, and 2) through the repair of social infrastructure by building and supporting family housing, orphanages, and healthcare facilities. For the year ended December 31, 2013, Baitulmaal, Inc. operated the following programs:

(i)Disaster Relief – Baitulmaa, Inc has worked tirelessly to aid those suffering from calamities both man-made and otherwise no matter what their background. Whether it is through providing food supplies, basic necessities, shelter or medical treatment, Baitulmaal, Inc. is committed to doing whatever it can to support people in their time of need. A disaster often leaves communities destroyed and feeling helpless and Baitulmaal, Inc. has always been, and will continue to be, a source of hope and comfort in periless times. Baitulmaal, Inc. always responds to areas in need that have not received assistance and must rely on aid to survive.

(ii)Seasonal Campaign – Baitulmaal, Inc. institutes annual projects that provide relief to those in need at specific times of the year in coordination with the special religious observances and holidays found in the Islamic calendar. People in need often anticipate the generosity of Baitulmaal Inc. donors during these special times and Baitulmaal, Inc. takes great pride in facilitating these special contributions. During Ramadan, Baitulmaal, Inc hosts the Feed a Family Campaign that brings food packages to families in need across the globe. Each food package contains staple food items to help families who rely on these donations year to year. During Eid-ul-Adha, Baitulmaal, Inc. hosts a meat distribution campaign to deliver the meat that was prepared as part of this religious holiday celebrated by millions of Muslims across the entire planet.

(iii)Sustainable Development - Baitulmaal is committed to providing sustainable solutions to educate and empower women, children and the most needy to become self-sufficient. Through various projects like vocational training for women, orphan sponsorship, community poultry farms, education services and water management services, Baitulmaal, Inc. is able to leave people in a better situation than when it found them with hope for a future.

(iv)Poverty and Relief Aid – Baitulmaal, Inc. is committed to assist families and communities around the world, to alleviate poverty and human suffering by responding to relief and development needs of disadvantaged people. The goal of the program is to assist in poverty reduction, and provide the poor with access to product.

(v)Orphan Sponsorship – The goal of Baitulmaal Inc's Orphan Sponsorship Program is dedicated to improving the lives of orphaned, abandoned, and disadvantaged children in the Middle East, Asia and Africa. Baitulmaal, Inc.'s mission is to provide these children with food, nutrition, health, hygiene, school supplies, clothing and other necessities. Baitulmaal, Inc. is committed to providing them with opportunities, means and hope. Baitulmaal, Inc. strives to fulfill its humanitarian cause and see their sponsored orphans through adulthood, with happier, secure and brighter futures.

See Auditor's Report

BAITULMAAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(vi)Qur'an in Braille – Qur'an in Braille for the Blind is one of the most active projects Baitulmaal, Inc. sponsors. Many sets have been printed and distributed on behalf of the sponsors and donors, to the blind Muslims and community centers all across the globe.

(B)Basis of Presentation:

These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. These statements reflect application of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under these standards, all contributions are immediately recognized as revenue as soon as pledged (or if not pledged when received) regardless of any restrictions on use placed by the contributor. The basic financial statements are then shown divided into three net asset groups. These are:

Unrestricted Net Assets:

All assets who either have no imposed restrictions on use or whose restrictions have been met by December 31, 2013.

Temporarily Restricted Net Assets:

All contributions by foundations, corporations and individuals with restrictions on use that have not been met by December 31, 2013.

Permanently Restricted Net Assets:

All contributions with permanent restrictions on use that, by definition, will never be met (none here).

(C)Support and Revenues:

Foundations and Other Grants:

Support from these sources is recognized in the accounting period in which the grants are pledged (or if not pledged, when received) in accordance the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). See Note B.

Donations:

Revenue from this source is recognized in the accounting period during which the contribution is pledged (or if not pledged, when received) in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). See Note B.

(D)Fixed Assets:

Baitulmaal, Inc. follows the practice of capitalizing, at cost, all expenditures for fixed assets. Depreciation is computed on the straight line method over 5, 7 and 10 years for equipment, furniture and leasehold improvements, respectively.

See Auditor's Report

BAITULMAAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(E)Income Taxes

Baitulmaal, Inc. is exempt from income taxes under Section 501 (c) (3) of the United States Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509 (a) of the United States Internal Revenue Code. Donations to the organization qualify for the charitable contributions deduction. During the year ended December 31, 2013, Baitulmaal, Inc. had no unrelated business income as defined by Section 512 of the Code and, therefore no provision for income tax is necessary.

Baitulmaal, Inc. adopted the income standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect for the Baitulmaal, Inc. Baitulmaal, Inc. is no longer subject to federal tax examinations for the years prior to 2010 and no longer subject to state income tax examinations for the years prior to 2010.

(F)Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(G)Functional Allocation of Expenses:

The costs of providing the various programs and other activities are summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(H)Concentration of Credit Risk:

Baitulmaal, Inc. maintains bank accounts with financial institutions whose balances are insured by the Federal Deposit Insurance Corporation (FDIC) within limits. Periodically, bank account balances may exceed FDIC coverage. No credit risk is expected from uninsured deposits.

(I)Evaluation of Subsequent Events

The Baitulmaal, Inc. has evaluated subsequent events through April 29, 2014, the date which the financial statements were available to be issued.

See Auditor's Report

BAITULMAAL, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013
 -continued-

NOTE 2: BUILDING, CAPITAL IMPROVEMENTS-LAND, FURNITURE & EQUIPMENT

Depreciation is recorded on a straight line basis over the estimated useful lives of the assets. At December 31, 2013, the value of such assets is as follows:

Building	\$96,153
Land	18,000
Furniture and Equipment	18,375
Vehicles	8,300
Less: Accumulated Depreciation	<u>(42,524)</u>
Total Long-Term Fixed Assets	<u>\$98,304</u>

NOTE 3: DONATED HUMANITARIAN RELIEF SUPPLIES:

Baitulmaal, Inc. receives donated humanitarian relief supplies from different non-profit organizations and individuals as well. These donated humanitarian relief supplies consist of a variety of items as follows:

1. Used but usable clothes.
2. Medical Supplies/ equipment.
3. School supplies and or furniture
4. Non-Perishable food items.

For the year ended December 31, 2013, the following details the activity of the donated humanitarian relief supplies:

Beginning Donated Humanitarian Relief Supplies, 1/1/2013	\$42,914
In-Kind Contributions Received in 2013 (See Note 4)	\$65,531
Humanitarian Relief Supplies Distributed for 2013	(75,788)
Total Donated Humanitarian Relief Supplies To Be Distributed	<u>\$32,657</u>

NOTE 4: IN-KIND CONTRIBUTIONS

Baitulmaal, Inc. receives substantial in-kind contributions in the form of donated humanitarian relief supplies. (See Note 3) Contributions and the corresponding expenses are booked at fair market value in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and consist of the following:

Financial & Material Assistance	\$65,531
Total In-Kind Contributions	<u>\$65,531</u>

BAITULMAAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013
-continued-

NOTE 5: RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2013
Poverty & Relief Aid	\$265,818
Disaster Relief	242,145
Sustainable Development	196,484
Orphan Sponsorship	184,852
Qur'an in Braille	16,920
Seasonal Campaign	(908)
Total Temporarily Restricted Net Assets	\$905,311

The Negative amount for Seasonal Campaign represents payments made in excess over the contributions received in 2013 for Seasonal Campaign.

NOTE 6: OFFICE SPACE LEASE COMMITMENT

On March 5, 2012, Baitulmaal, Inc. entered into a three-year operating lease agreement with 2300 Valley View, L.P. for their office space. Baitulmaal, Inc.'s lease premises are located at Suite 632 in the Metropart building located at 2300 Valley View Lane, Irving, Texas 75062. The lease began on April 1, 2012 and ends on March 31, 2015. The monthly rental is \$1,089.33.

Total minimum future commitment under the lease is as follows:

For the year ended	December 31, 2014	13,072
	December 31, 2015	3,268
		\$16,340

NOTE 7: DUE TO TEMPORARILY RESTRICTED NET ASSETS

For the year ended December 31, 2013, Baitulmaal, Inc. owed \$199,922 to Temporarily Restricted Net Assets. This represents funds that were borrowed from Restricted Net Assets to pay for Administrative and Fundraising Expenses. In 2014, these funds were paid back and there is no longer a Liability, Due to Temporarily Restricted Net Assets.

See Auditor's Report

BAITULMAAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013
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NOTE 8: POSSIBLE FUTURE OBLIGATION

In 2010, Baitulmaal, Inc. signed a lease agreement with MRI Beltline Industrial LP (the Landlord) for three years. Baitulmaal, Inc. was planning to open a Thrift store that would help needy local people. However, the Landlord failed to repair and maintain the property according to the terms of the lease agreement. The lack of repairs materially affected Baitulmaal, Inc. Baitulmaal, Inc. submitted a “notice of intent to vacate” the property within 30 days if the repairs were not done. After the 30 days, no repairs were made by the Landlord and Baitulmaal, Inc. vacated the property in May 2011.

In June 2011, the Landlord charged a termination fee to Baitulmaal, Inc. billing them for the remainder of the lease along with damages and cleaning fees which came to a total equal to \$80,688.15. Baitulmaal, Inc. does not agree with the billing and has not paid the Landlord. The last communication from the Landlord was in September 2011 from a collection agency, National Credit Systems, Inc.

The obligation of \$80,688.15 from the Landlord has not been booked on the Financial Statements because no formal legal action has been made by the Landlord and no further communication has been received from the Landlord since the obligation originally occurred

NOTE 9: FUTURE RENTAL INCOME

Baitulmaal, Inc. entered into a 2-year operating lease agreement with tenants, Tina Garcia and Jorgel Garcia. The lease premises are located at 4140 Logan Street Irving, Texas, 75062. The lease started on February 1, 2013 and ends on January 31, 2015. The monthly rental fee is \$1,250.

Total future rental income under the lease is as follows

For the year ended December 31, 2014	\$15,000
December 31, 2015	<u>1,250</u>
	<u>\$16,250</u>

See Auditor's Report