

**BAITULMAAL, INC.  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2020**

**AND INDEPENDENT AUDITORS' REPORT THEREON**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Baitulmaal, Inc.

### Opinion

We have audited the accompanying financial statements of Baitulmaal, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baitulmaal, Inc. as of December 31, 2020, and the changes in its net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Baitulmaal, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Baitulmaal, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

The accompanying notes are an integral part of the financial statements.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Baitulmaal, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Baitulmaal, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

MillerMusmar



Reston, Virginia  
October 30, 2023

The accompanying notes are an integral part of the financial statements.

**BAITULMAAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ -	\$ 1,407,117	\$ 1,407,117
Accounts receivable	46,173	-	46,173
Loan receivable	8,500	-	8,500
Due from net assets without donor restrictions	-	548,139	548,139
Total current assets	<u>54,673</u>	<u>1,955,256</u>	<u>2,009,929</u>
Non-current assets			
Property and equipment, net	6,136	-	6,136
Security deposit	1,596	-	1,596
Total non-current assets	<u>7,732</u>	<u>-</u>	<u>7,732</u>
Total assets	<u>\$ 62,405</u>	<u>\$ 1,955,256</u>	<u>\$ 2,017,661</u>
<b>Liabilities and Net Assets</b>			
Current liabilities			
Due to net assets without donor restrictions	\$ 548,139	\$ -	\$ 548,139
Accrued expenses	42,790	-	42,790
Total current liabilities	<u>590,929</u>	<u>-</u>	<u>590,929</u>
Total liabilities	<u>590,929</u>	<u>-</u>	<u>590,929</u>
Net assets	(528,524)	1,955,256	1,426,732
Total liabilities and net assets	<u>\$ 62,405</u>	<u>\$ 1,955,256</u>	<u>\$ 2,017,661</u>

The accompanying notes are an integral part of the financial statements.

**BAITULMAAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
In-kind contributions	\$ 10,474,889	\$ -	\$ 10,474,889
Contributions	4,914,636	-	4,914,636
Grants	160,210	-	160,210
Release of restricted net assets	586,567	(586,567)	-
Total support and revenue	<u>16,136,302</u>	<u>(586,567)</u>	<u>15,549,735</u>
Expenses			
Program services	13,148,493	-	13,148,493
Supporting services	1,970,912	-	1,970,912
Total expenses	<u>15,119,405</u>	<u>-</u>	<u>15,119,405</u>
Change in net assets	<u>\$ 1,016,897</u>	<u>\$ (586,567)</u>	<u>\$ 430,330</u>

The accompanying notes are an integral part of the financial statements.

**BAITULMAAL, INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2019	\$ (1,545,424)	\$ 2,541,823	\$ 996,399
Change in net assets	1,016,900	(586,567)	430,333
Balance December 31, 2020	<u>\$ (528,524)</u>	<u>\$ 1,955,256</u>	<u>\$ 1,426,732</u>

The accompanying notes are an integral part of the financial statements.

**BAITULMAAL, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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<b>Cash flows from operating activities</b>	
Change in net assets	\$ 430,333
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization	5,720
(Decrease)/increase in assets:	
Accounts receivable	(1,599)
Loan receivables	91,500
(Decrease)/increase in liabilities:	
Accrued expenses	(16,205)
Net cash flows from operating activities	<u>\$ 509,749</u>
Change in cash and cash equivalents	509,749
Cash and cash equivalents, beginning	897,368
Cash and cash equivalents, ending	<u><u>\$ 1,407,117</u></u>

The accompanying notes are an integral part of the financial statements.



**BAITULMAAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Programs Services										Supporting Services			Total
	Disaster relief	Seasonal campaigns	Sustainable development	Poverty & relief aid	Family & orphan sponsorship	Health & medical assistance	Education awareness	Program services total	Management & general	Fundraising	Supporting services total			
Financial & material assistance	\$ 233,975	\$ 612,990	\$ 260,825	\$ 190,300	\$ 53,379	\$ 10,966,618	\$ 72,100	\$ 12,390,187	\$ 887,123	\$ -	\$ 887,123	\$ 13,277,310		
Salaries & wages	79,852	84,323	66,328	79,852	39,871	79,852	30,929	461,007	138,741	289,296	428,037	889,044		
Contractual services	28,108	38,548	30,919	18,119	-	6,525	-	122,219	146,183	-	146,183	268,402		
Fringe benefits	8,945	9,446	7,430	8,945	4,467	8,945	3,465	51,643	15,542	32,408	47,950	99,593		
Advertising and marketing	-	-	-	-	-	-	-	-	-	92,404	92,404	92,404		
Credit card fees	-	-	-	-	-	-	-	-	92,255	-	92,255	92,255		
Rent, parking & utilities	8,491	8,491	8,491	8,491	8,491	8,491	8,491	59,437	8,491	8,491	16,982	76,419		
Payroll tax expense	6,311	6,665	5,242	6,311	3,151	6,311	2,445	36,436	10,966	22,865	33,831	70,267		
Travel & transportation	27,564	-	-	-	-	-	-	27,564	-	40,948	40,948	68,512		
Contributions	-	-	-	-	-	-	-	-	61,814	-	61,814	61,814		
Supplies	-	-	-	-	-	-	-	-	11,788	25,445	37,233	37,233		
Information technology	-	-	-	-	-	-	-	-	19,695	-	19,695	19,695		
Printing	-	-	-	-	-	-	-	-	-	19,657	19,657	19,657		
Postage and shipping	-	-	-	-	-	-	-	-	14,797	-	14,797	14,797		
Dues & subscriptions	-	-	-	-	-	-	-	-	9,150	-	9,150	9,150		
Depreciation	-	-	-	-	-	-	-	-	5,742	-	5,742	5,742		
Equipment rental & maintenance	-	-	-	-	-	-	-	-	4,045	-	4,045	4,045		
Bank & service charges	-	-	-	-	-	-	-	-	4,013	-	4,013	4,013		
Venue rental fees & banquet costs	-	-	-	-	-	-	-	-	-	3,020	3,020	3,020		
Staff training	-	-	-	-	-	-	-	-	2,885	-	2,885	2,885		
Miscellaneous	-	-	-	-	-	-	-	-	1,371	-	1,371	1,371		
Telephone	-	-	-	-	-	-	-	-	1,174	-	1,174	1,174		
Licenses & permits	-	-	-	-	-	-	-	-	603	-	603	603		
<b>Total expenses</b>	<b>\$ 393,246</b>	<b>\$ 760,463</b>	<b>\$ 379,235</b>	<b>\$ 312,018</b>	<b>\$ 109,359</b>	<b>\$ 11,076,742</b>	<b>\$ 117,430</b>	<b>\$ 13,148,493</b>	<b>\$ 1,436,378</b>	<b>\$ 534,534</b>	<b>\$ 1,970,912</b>	<b>\$ 15,119,405</b>		

The accompanying notes are an integral part of the financial statements.

**BAITULMAAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Baitulmaal, Inc. (Organization) is a nonprofit organization incorporated under the laws and statutes of the Commonwealth of Virginia in 2004. The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

The purpose of the Organization is 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 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, 2020, Baitulmaal, Inc. operated the following programs:

- **Disaster relief:** The Organization arranges to provide food supplies, basic necessities, shelter and medical treatment to those suffering from calamities.
- **Seasonal campaigns:** The Organization 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.
- **Sustainable development:** The Organization arranges to provide sustainable solutions to educate and empower women, children, and the most needy to become self-sufficient.
- **Poverty and orphan sponsorship:** The Organization committed to assisting families and communities worldwide to alleviate poverty and human suffering by responding to the relief and development needs of disadvantaged people.
- **Family & orphan sponsorship:** The Organization sponsors impoverished needy families in Jordan, Palestine, and Pakistan - mainly widows and children. It is a monthly sponsorship where we provide these families with basic living needs such as food, water, rent, utilities, and education. The goals of the program are:
  - Provide regular financial assistance to needy families in order to help them alleviate some of their daily struggles.
  - Provide the basic living necessities - food, water, shelter, clothing, utilities, etc.
  - Break the cycle of poverty and provide stability (short-term and long-term).
- **Health & medical assistance:** The Organization provides medical assistance, medical supplies, and medications to many countries.

**BAITULMAAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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- Education & awareness: The Organization strives to improve the condition of youth through various educational initiatives across the globe.

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Revenue Recognition**

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 with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

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).

**Net Assets**

The Organization follows ASC 958, Not-for-Profit Entities. Under ASC 958-205, Not-for-Profit Organizations, Presentation of Financial Statements, the Organization is required to report information regarding its financial position and activities according to the following classes:

Net assets without donor restrictions: Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Net assets with donor restrictions:

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments purchased with original maturities of 90 days or less to be cash equivalents. Temporarily restricted cash represents funds designated for construction and certain other programs; these funds are available for current use for their specified purposes.

**Accounts Receivable**

Accounts receivable that the Organization has the intent and ability to hold for the foreseeable future or until the payoff is reported at the outstanding principal net of the allowance for doubtful accounts. Accounts receivable are recorded at their invoice amounts and do not bear interest.

**BAITULMAAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Property and Equipment**

Property and equipment are capitalized and stated at cost. Assets acquired through donation are recorded at their estimated fair value at the date of the gift. Assets with values greater than or equal to \$1,000 and estimated useful lives extending beyond one year are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets over 3, 5, and 7 years.

**Functional Expense Allocation**

The cost of providing the various programs and supporting services have been summarized on a functional basis in the financial statement of activities. Accordingly, certain expenses have been allocated among the programs, management and general, and fundraising supporting services benefited.

**Tax Exempt Status**

The Organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Currently, the Organization has no obligation for any unrelated business income tax.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted 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 and assumptions.

**Recent Accounting Pronouncements**

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). This ASU modifies lease accounting to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing information. The most significant change for lessees will be the recognition of both a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for those leases classified as operating leases under current GAAP. Certain accounting policy elections are permitted for leases with terms of 12 months or less. FASB Accounting Standards Codification (ASC) Topic 842, Leases ("ASC 842"), supersedes current lease requirements in FASB ASC Topic 840, Leases. The new standard is effective for nonpublic companies for annual periods beginning after December 15, 2022. The Organization has not evaluated the impact of the provisions of ASC 842.

**BAITULMAAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**2) LIQUIDITY AND AVAILABILITY**

The table below summarizes the Organization's financial assets that are available for general expenditure within one year as of December 31:

Cash and cash equivalents	\$ 1,407,117
Pledges receivable	41,173
Other receivable	5,000
Less: Current liabilities	(590,929)
<b>Total</b>	<b><u>\$ 862,361</u></b>

Financial assets available to meet cash needs for general expenditures over the next twelve months amounted to \$1,409,996. Baitulmaal, Inc.'s goal is generally to maintain financial assets to meet 90 days of operating expenses as part of its liquidity plan, excess cash is invested in a separate bank account.

**3) CONCENTRATION OF RISK**

Financial instruments that subject the Organization to a concentration of credit risk consist of deposits with financial institutions in excess of the federal insurance limits of \$250,000 per financial institution for interest bearing amounts. As of December 31, 2020, the Organization had balances that were approximately \$729,786 above the insured limit. The at-risk amount changes daily depending upon the actual account balances on deposit with the respective financial institution.

**4) ACCOUNT RECEIVABLE**

The pledges receivable consists of pledged promises to give made by individuals, foundations and corporate donors. The other receivable consists of a loan due from an individual. Baitulmaal, Inc. carries its receivables at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. Baitulmaal, Inc. uses the allowance method to determine uncollectible receivables. Also, Baitulmaal, Inc. uses the direct write-off method for receivables which have been determined to be uncollectible. On a periodic basis, Baitulmaal, Inc. evaluates its receivables and establishes an allowance for doubtful accounts based on its past experience and current credit conditions. Based on management's evaluation of collectability of the receivables, no allowance for doubtful accounts was recorded for the year ended December 31, 2020.

The pledges receivable is expected to be collected due within one year as follows as of December 31:

Pledges receivable	41,173
Other receivable	5,000
<b>Total</b>	<b><u>\$ 46,173</u></b>

**5) LOAN RECEIVABLE**

On August 8, 2019, Baitulmaal, Inc. entered into an interest-free loan agreement with Dar El Quran for \$100,000, with monthly installments of \$7,200 beginning January 7, 2020. Payments instead commenced on April 16, 2020, in the amount of \$8,500 monthly. As of December 31, 2020, the remaining balance is \$8,500, with Baitulmaal, Inc. forgiving \$6,500.

**BAITULMAAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**6) PROPERTY AND EQUIPMENT**

Property and equipment as of December 31:

Vehicles	\$	40,041
Furniture and equipment		23,965
Total fixed assets		64,006
Less accumulated depreciation		57,870
Fixed assets, net	\$	6,136

Depreciation expense for the year ended December 31, 2020 totaled \$5,720.

**7) IN-KIND CONTRIBUTIONS**

The Organization receives substantial in-kind contributions in the form of donated humanitarian relief supplies. For the year ending December 31, 2020, the Organization received medical supplies and equipment from different non-profit Organizations. In-kind contributions and the corresponding expenses are reported at fair market value in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Medical supplies, medicines, and meals received in-kind for the year ended December 31, 2020, totaled \$10,474,889.

**8) DONOR RESTRICTIONS**

Donor restricted net assets are as follows:

	Disaster relief	Seasonal campaigns	Sustainable development	Poverty & relief aid	Family & orphan sponsorship	Health & medical assistance	Donations for Specific location	Total
As of January 1, 2020	\$ 622,778	\$ 996,352	\$ 14,502	\$ 147,197	\$ 343,352	\$ 3,247	\$ 414,395	\$ 2,541,823
Net assets releases	132,629	257,090	14,401	120,001	7,500	5,650	49,295	586,567
As of December 31, 2020	\$ 490,149	\$ 739,262	\$ 101	\$ 27,196	\$ 335,852	\$ (2,403)	\$ 365,100	\$ 1,955,256

Baitulmaal, Inc. received significant contributions from 2015 to 2017 for Palestine, Syria, and Burma to help with the refugee crisis due to war. However, the Organization had difficulty distributing funds to those in need due to the war. In 2018, Baitulmaal, Inc. also received significant contributions for Yemen and Palestine. The Organization plans to distribute these funds over the next five years.

**BAITULMAAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**9) OFFICE LEASES**

On January 20, 2020, the Organization renewed its operating lease with 2300 Valley View, L.P. for their office space. The lease expires through the fiscal year 2025. Future minimum payments under noncancelable operating leases for the years ending December 31 are as follows:

2021	\$	49,990
2022		51,609
2023		53,229
2024		54,838
2025		4,581
Total	<u>\$</u>	<u>214,247</u>

Rent expense for the year ended December 31, 2020 was \$44,473.

**10) SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through October 30, 2023, the date the financial statements were available to be issued. There were no subsequent events to note as of that date.