

BAITULMAAL, INC.

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2021**

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. (the Organization), which comprise the statement of financial position as of December 31, 2021, 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, 2021, 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.

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
February 20, 2024

BAITULMAAL, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 1,565,217	\$ 1,085,289	\$ 2,650,506
Contributions receivable	56,549	-	56,549
Total current assets	<u>1,621,766</u>	<u>1,085,289</u>	<u>2,707,055</u>
Non-current assets			
Property and equipment, net	2,510	-	2,510
Security deposit	1,596	-	1,596
Total non-current assets	<u>4,106</u>	<u>-</u>	<u>4,106</u>
Total assets	<u>\$ 1,625,872</u>	<u>\$ 1,085,289</u>	<u>\$ 2,711,161</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	\$ 64,765	\$ -	\$ 64,765
Accrued payroll and related	81,862	-	81,862
Total current liabilities	<u>146,627</u>	<u>-</u>	<u>146,627</u>
Total liabilities	<u>146,627</u>	<u>-</u>	<u>146,627</u>
Net assets	<u>1,479,245</u>	<u>1,085,289</u>	<u>2,564,534</u>
Total liabilities and net assets	<u>\$ 1,625,872</u>	<u>\$ 1,085,289</u>	<u>\$ 2,711,161</u>

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

BAITULMAAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
In-kind contributions	\$ 22,819,103	\$ -	\$ 22,819,103
Contributions	4,702,770	4,537,377	9,240,147
Grants	179,611	82,540	262,151
Release of restricted net assets	5,489,884	(5,489,884)	-
Total support and revenue	<u>33,191,368</u>	<u>(869,967)</u>	<u>32,321,401</u>
Expenses			
Program services	26,834,392	-	26,834,392
Supporting services	4,349,207	-	4,349,207
Total expenses	<u>31,183,599</u>	<u>-</u>	<u>31,183,599</u>
Change in net assets	<u>\$ 2,007,769</u>	<u>\$ (869,967)</u>	<u>\$ 1,137,802</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2020	\$ (528,524)	\$ 1,955,256	\$ 1,426,732
Change in net assets	2,007,769	(869,967)	1,137,802
Balance December 31, 2021	\$ 1,479,245	\$ 1,085,289	\$ 2,564,534

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

BAITULMAAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash flows from operating activities	
Change in net assets	\$ 1,137,802
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization	3,626
(Decrease)/increase in assets:	
Contributions receivable	(10,376)
Loan receivables	8,500
Increase in liabilities:	
Accounts payable and accrued expenses	21,975
Accrued payroll and related	81,862
Net cash flows from operating activities	<u>1,243,389</u>
Change in cash and cash equivalents	1,243,389
Cash and cash equivalents, beginning	1,407,117
Cash and cash equivalents, ending	<u>\$ 2,650,506</u>

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

BAITULMAAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	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	\$ 478,270	\$ 531,411	\$ 425,129	\$ 478,270	\$ 265,706	\$ 23,297,373	\$ 159,423	\$ 25,635,582	\$ 743,976	\$ 1,753,657	\$ 2,497,633	\$ 28,133,215
Salaries & Wages	112,342	124,824	99,859	112,342	62,412	112,342	37,447	661,568	174,754	411,919	586,673	1,248,241
Contractual Services	52,830	58,700	46,960	52,830	29,350	52,830	17,610	311,110	82,180	193,710	275,890	587,000
Fringe Benefits	20,549	22,832	18,265	20,549	11,416	20,549	6,850	121,010	31,965	75,345	107,310	228,320
Credit Card Processing Fees	-	-	-	-	-	-	-	-	188,363	-	188,363	188,363
Travel & Transportation	-	-	-	-	-	-	-	-	-	162,724	162,724	162,724
Payroll Tax Expense	9,350	10,389	8,311	9,350	5,194	9,350	3,117	55,061	14,544	34,283	48,827	103,888
Contributions	-	-	-	-	-	-	-	-	98,450	-	98,450	98,450
Rent, Parking & Utilities	8,501	9,445	7,556	8,501	4,723	8,501	2,834	50,061	13,223	31,169	44,392	94,453
Advertising and Marketing	-	-	-	-	-	-	-	-	-	85,291	85,291	85,291
Information Technology	-	-	-	-	-	-	-	-	81,577	-	81,577	81,577
Postage and Shipping	-	-	-	-	-	-	-	-	47,200	-	47,200	47,200
Venue Rental Fees & Banquet Cost	-	-	-	-	-	-	-	-	-	37,512	37,512	37,512
Supplies	-	-	-	-	-	-	-	-	7,006	21,435	28,441	28,441
Printing	-	-	-	-	-	-	-	-	21,139	2,543	23,682	23,682
Auto Insurance & Repair	-	-	-	-	-	-	-	-	12,921	-	12,921	12,921
Telephone	-	-	-	-	-	-	-	-	6,994	-	6,994	6,994
Equipment Rental & Maintenance	-	-	-	-	-	-	-	-	6,612	-	6,612	6,612
Depreciation	-	-	-	-	-	-	-	-	3,626	-	3,626	3,626
Licenses & Permits	-	-	-	-	-	-	-	-	1,616	-	1,616	1,616
Due & Subscriptions	-	-	-	-	-	-	-	-	1,097	-	1,097	1,097
Staff Training	-	-	-	-	-	-	-	-	1,000	-	1,000	1,000
Total expenses	\$ 681,842	\$ 757,601	\$ 606,080	\$ 681,842	\$ 378,801	\$ 23,500,945	\$ 227,281	\$ 26,834,392	\$ 1,539,619	\$ 2,809,588	\$ 4,349,207	\$ 31,183,599

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

BAITULMAAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

The Organization's goal is to restore dignity and instill hope in communities hit hard by poverty and disaster. The Organization 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, 2021, the Organization 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 provides 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 relief: The Organization is 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 and 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 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 and medical assistance: The Organization provides medical assistance, medical supplies, and medications to many countries.

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- Education and 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

The Organization follows *ASC 958, Not-for-Profit Entities*. Under *ASC 958-605, Not-for-Profit Organizations, Revenue Recognition* the Organization recognizes revenue in the statements of activities as follows:

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).

Donations:

Revenue from this source is recognized in the accounting period during which the contribution is pledged (or if not pledged, when received).

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.

Contributions Receivable

Contributions receivable consist of promises to give made by individuals, foundations, and corporate donors. The Organization evaluates its receivables and establishes an allowance for doubtful accounts according to its historical collections. Based on management's evaluation of collectability of the receivables, no allowance for doubtful accounts was recorded for the year ended December 31, 2021.

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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

In-kind Contributions

On September 17, 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update requires that not-for-profit organizations present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires that an NFP disclose:

1. A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets.
2. For each category of contributed nonfinancial assets recognized:
 - a. Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used,
 - b. The policy (if any) about monetizing rather than utilizing contributed nonfinancial assets,
 - c. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets,
 - d. A description of the valuation techniques and inputs used to arrive at a fair value measure in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition.

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- e. The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

The amendments in this Update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021.

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.

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:

Unrestricted cash and cash equivalents	\$ 1,565,217
Contributions receivable	56,549
Less: Current liabilities	<u>(146,627)</u>
Total	<u>\$ 1,475,139</u>

Financial assets available to meet cash needs for general expenditures over the next twelve months amounted to \$1,565,217. The Organization’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, 2021, the Organization had balances that were approximately \$1,859,361 above the insured limit. The at-risk amount changes daily depending upon the actual account balances on deposit with the respective financial institution.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

4) CONTRIBUTIONS RECEIVABLE

Contributions receivable are follows as of December 31:

Contributions receivable	\$	56,549
Total	\$	56,549

5) PROPERTY AND EQUIPMENT

Property and equipment as of December 31:

Vehicles	\$	40,041
Furniture and equipment		23,965
Total property and equipment		64,006
Less accumulated depreciation		(61,496)
Property and equipment, net	\$	2,510

Depreciation expense for the year ended December 31, 2021 totaled \$3,626.

6) IN-KIND CONTRIBUTIONS

The Organization receives substantial in-kind contributions in the form of donated humanitarian relief supplies. For the year ending December 31, 2021, 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 958-605, *Not-for-Profit Organizations, Revenue Recognition*. Medical supplies, medicines, and meals received in-kind for the year ended December 31, 2021, totaled \$22,819,103.

7) DONOR RESTRICTIONS

Donor restricted net assets are as follows:

	Disaster relief	Seasonal campaigns	Sustainable development	Poverty & relief aid	Family & orphan sponsorship	Health & medical assistance	Educational & awareness	Donations for specific location	Total
As of January 1, 2021	\$ 490,149	\$ 739,262	\$ 101	\$ 27,196	\$ 333,448	\$ -	\$ -	\$ 365,100	\$ 1,955,256
Additions	21,019	-	2,342,088	-	4,500	507,550	1,744,760	-	4,619,917
Less: releases	(375,564)	(140,871)	(2,342,189)	-	(13,850)	(507,550)	(1,744,760)	(365,100)	(5,489,884)
As of December 31, 2021	\$ 135,604	\$ 598,391	\$ -	\$ 27,196	\$ 324,098	\$ -	\$ -	\$ -	\$ 1,085,289

BAITULMAAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

8) 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 in 2025. Future minimum payments under noncancelable operating leases for the years ending December 31 are as follows:

2022	\$	51,609
2023		53,229
2024		54,838
2025		4,581
Total	\$	<u>164,257</u>

Rent expense for the year ended December 31, 2021 was \$45,950.

9) SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 20, 2024, the date the financial statements were available to be issued. There were no subsequent events to note as of that date.