

# Farhan Malik, CPA

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## Financial Review Report

The Board of Directors

Amoud Foundation

We have reviewed the accompanying financial statements of Amoud Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Farhan Malik, CPA

Amoud Foundation  
Statement of Financial Position  
As of December 31, 2023

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**Assets**

Cash	\$ 7,843,418
Undeposited Funds	297,552
Investments	670,000
<b>Total Assets</b>	<b>\$ 8,810,971</b>

**Liabilities and Net Assets**

Payroll Liabilities	\$ 160,875
Net Assets Without Restrictions	
Opening Balance Equity	139,541
Unrestricted Net Assets	6,490,972
Net Income	<u>2,019,582</u>
Total Net Assets	8,650,096
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 8,810,971</b>

Amoud Foundation  
Statement of Activities  
For the year ended December 31, 2023

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<b>Operating Income</b>	
Grants & Donations	9,535,194.37
Total gross operating Income	<u>9,535,194.37</u>
<b>Operating Expenses</b>	
Accounting Fee	14,684.09
Bank/Credit Card Fees	201,110.02
Donations made to Organizations	33,400.00
Equip Rental and Maintenance	35,649.39
Fund Raising	41,860.00
Gift	61,827.80
Insurance - Liability, D and O	8,339.00
Janitorial Services	9,172.98
Marketing	786,650.50
Memberships and Dues	600.00
Merchant deposit fees	1,162.90
Operations	45,000.00
Paypal Fees	14,620.43
Payroll Expenses	259,105.95
Postage, Mailing Service	21,994.36
Printing and Copying	2,114.69
Program Expenses	5,811,230.10
Reconciliation Discrepancies	2.59
Rent, Parking, Utilities	22,414.96
Special Events	34,688.96
Square Fees	1,648.12
Staff Development	31,900.53
State Registration Document Fee	4,585.00
Supplies	13,066.72
Technology Fees	24,305.38
Telephone, Telecommunications	1,952.00
Travel	32,525.80
Total Expenses	<u>7,515,612.27</u>
<b>Net Operating Income/(Loss)</b>	<b><u>2,019,582.10</u></b>
Net Assets at the beginning of year	<u>6,630,513.20</u>
<b>Net assets at the end of year</b>	<b><u>8,650,095.30</u></b>

Amoud Foundation  
Statement of Cash Flows  
For the year ended December 31, 2023

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<b>Cash Flow form Operating Activities</b>		
	Changes in Net Assets	\$ 2,019,582
<b>Adjustments to reconcile Change in net assets to net cash provided by operating activities:</b>		
	Decrease (Increase) in receivables	(297,552)
	Increase (Decrease) in Payables	37,522
	<b>Net Cash provided (used) by operating activities</b>	<b>\$ 1,759,552</b>
<b>Net Increase (decrease) in Cash</b>		<b>\$ 1,759,552</b>
Cash at the beginning of the year		\$ 6,083,866
<b>Cash at the end of year</b>		<b>\$ 7,843,418</b>

## 1. Organization and Nature of Activities

Amoud Foundation is a non-profit organization based and incorporated in the State of Texas. Amoud Foundation's mission is to relief the suffering of the poor in Horn of Africa by supporting the establishment of hospitals, educational facilities, orphanages, community wells, and providing other relief services such as, emergency food and shelters to victims of famine and natural disasters.

## 2. Significant Accounting Policies

### a. Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (U.S. GAAP) and the Organization follows a calendar yearend. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The two classes are defined as follows:

- **Net Assets without Donor Restrictions** - are not subject to donor-imposed restrictions and may be designated for specific purposes by action of the Board of Directors or Trustees.

- **Net Assets with Donor Restrictions** - are subject to temporary or permanent donor-imposed restrictions and may be fulfilled by actions of the Organization to meet the donor-imposed stipulations or that become unrestricted by the passage of time.

As of December 31, 2023, the Organization had \$8,650,096 in net assets without donor restrictions and no net assets with donor restrictions.

### b. Cash and Cash Equivalents

Cash and Cash equivalents consist of cash and highly liquid investments with an initial maturity of three months or less.

Amoud Foundation  
Notes to Financial Statements  
For the year ended December 31, 2023

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**c. Concentration of Credit Risk**

The Company maintains cash with local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures the total deposits at these institutions up to \$250,000 per depositor. The cash held at these institutions at December 31, 2023 exceeded the insured limits.

**d. Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributed property and equipment or intangible assets are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**e. Property, Plant, & Equipment**

The Organization follows the practice of capitalizing all expenditures for property, furniture, fixtures, equipment, and leasehold improvements in excess of \$500. Depreciation or amortization of all such items is computed on a straight-line basis over the estimated useful lives of the assets which generally are as follows:

Buildings & improvements	39 years
Furniture and equipment	5-7 years
Vehicles	5 years

Leasehold improvements life of lease or useful life (whichever is shorter)

In accordance with generally accepted accounting principles (GAAP), land is not depreciated and construction-in-progress is depreciated from the time it is placed into service.

Amoud Foundation  
Notes to Financial Statements  
For the year ended December 31, 2023

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**f. Income Taxes**

The Organization is exempt from federal income and state income taxes, other than unrelated business income, under Section 501 (c) (3) of the Internal Revenue Code and similar state statute. The Organization files an annual tax form, Form 990, with the Internal Revenue Service. For the year ended December 31, 2023, the Organization had no unrelated business income and as such no provisions were made for income taxes. The Organization addresses uncertain tax positions in accordance with ASC Topic 740, Income Taxes, which provides guidance on the recognition, measurement, presentation, and disclosure of uncertain tax positions in the financial statements. During the years 2018 to 2021, the years management considers to be open for tax examination, management didn't identify the existence of any uncertain tax positions.

**g. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require the use of management's estimates which affect certain reported amounts and disclosures. Accordingly, actual results could vary from these estimates.

**h. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the following schedule. Accordingly, for the year ended December 31, 2022 certain costs have been allocated among the programs and supporting services benefited as illustrated on the following table.

All of the expense categories are allocated to one or more program or supporting functions of the Organization initially based on direct identification or allocation. If direct identification or assignment is not possible or practical, only then are the costs allocated by management on a reasonable basis that is consistently applied. There were no joint costs, but when it does incur joint costs, it is the Organization's policy to allocate them based on estimates of the costs utilized after assessing the required criterion of purpose, audience, and content. All cost allocations are determined by management on a reasonable basis that is consistently applied.

Amoud Foundation  
Notes to Financial Statements  
For the year ended December 31, 2023

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**h. Functional Allocation of Expenses (continued)**

Description	Program	Management & General	Fundraising	Total
Accounting Fee		14,684		14,684
Bank/Credit Card Fees		201,110		201,110
Donations made to Organizations	33,400			33,400
Equip Rental and Maintenance		35,649		35,649
Fund Raising			41,860	41,860
Gift		61,828		61,828
Insurance - Liability, D and O		8,339		8,339
Janitorial Services		9,173		9,173
Marketing			786,651	786,651
Memberships and Dues		600		600
Merchant deposit fees		1,163		1,163
Operations		45,000		45,000
Paypal Fees		14,620		14,620
Payroll Expenses		259,106		259,106
Postage, Mailing Service		21,994		21,994
Printing and Copying			2,115	2,115
Program Expenses	5,811,230			5,811,230
Reconciliation Discrepancies		3		3
Rent, Parking, Utilities		22,415		22,415
Special Events			34,689	34,689
Square Fees		1,648		1,648
Staff Development		31,901		31,901
State Registration Document Fee		4,585		4,585
Supplies		13,067		13,067
Technology Fees		24,305		24,305
Telephone, Telecommunications		1,952		1,952
Travel		32,526		32,526
Total Expenses	\$ 5,844,630	\$ 805,668	\$ 865,314	\$ 7,515,612

Amoud Foundation  
Notes to Financial Statements  
For the year ended December 31, 2023

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The expenses that are allocated are done using the following methods:

Expense	Method of Allocation	Expense	Method of Allocation
Marketing	Direct Assignment	Equipment rental	Time Study
Dontatons to Organizations	Direct Assignment	Insurance expense	Time Study
Fundraising	Direct Assignment	Accounting	Time Study
Gifts	Direct Assignment	Payroll	Time Study
Printing & Copying	Direct Assignment	Postage	Time Study
Program Expenses	Direct Assignment	Telephone	Time Study
Supplies	Direct Assignment	Technology	Time Study
Travel expenses	Direct Assignment	Training & staff development	Time Study
Bank Charges	Time Study		

**k. Program Expenses**

For the year ended December 31, 2023, the Organization incurred the following program expenses:

Program Description	Amount
Aqiqah	24,650
Education	241,823
Emergency Relief	164,783
Family Food Package	463,982
Fidya	44,680
General Fund	110,440
Healthcare	406,363
Kaffara	42,293
Orphanages	866,206
Ramadan Food	1,600,107
Sadaqa	173,854
Sadaqah Jariah	115,000
Udhiya/Qurbani	539,858
Water Wells Project	882,131
Zakat ul Fitr	69,945
Zakat ul Maal	65,114
<b>Total Program Expenses</b>	<b>5,811,230</b>

Amoud Foundation  
Notes to Financial Statements  
For the year ended December 31, 2023

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**I. Advertising Costs**

The Organization expenses advertising costs as they are incurred. The Organization incurred \$786,651 in advertising costs for the year ended December 31, 2023.

**m. Liquidity**

The Organization's financial assets that are available within one year of the statement of financial position date for general expenditures as follows:

<b>Total Financial Assets</b>	<b>\$ 7,843,418</b>
<b>Less:</b>	
Cash and cash equivalents (with donor restrictions)	-
Cash and cash equivalents (board designated)	-
<b>Total financial assets available for general expenditure</b>	<b>\$ 7,843,418</b>

**n. Subsequent Events**

In preparing financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through November 15, 2024, the date that the financial statements were available to be issued. The Organization is not aware of any material subsequent events.

**j. Related Party Transactions**

The Organization has an outstanding \$120,000 notes receivable from an entity that is 50% owned by the president of the Organization. See Note 4 for more discussion on the notes receivable investment.

Amoud Foundation  
Notes to Financial Statements  
For the year ended December 31, 2023

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**3. Fair value Measurements**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1** Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2** Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
  - Quoted prices for identical or similar assets in non-active markets;
  - Inputs other than quoted prices that are observable for the asset/liability; and,
  - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3** Unobservable inputs that cannot be corroborated by observable market data.

The investments were recorded at fair value as of December 31, 2023, based on the following levels of hierarchy:

		Level 1	Level 2	Level 3	Total
Equity Investments	\$	670,000	\$ -	\$ -	<b><u>\$ 670,000</u></b>

**4. Notes Receivable**

The Organization held a promissory note from private entity that invests in real estate ventures. The note does not bear an interest rate, but promises a return on the investment based on the performance of the real estate ventures. The Organization's management makes periodic assessments of the ultimate realization of notes receivable. Loans to entities that do not periodically remit the earnings from the investment as originally promised are deemed to be at risk of impairment and as such an allowance for doubtful notes receivable is recognized in the amount of the estimated impairment.

## **5. Payroll Liabilities**

The organization has pending amounts related to payroll taxes. However, this is because of the system issues due to the setup of Quickbooks payroll. The liabilities have been paid on timely manner to the IRS.