

AKHUWAT USA
(A not-for-profit corporation)
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Akhuwat USA.
21250 Hawthorne Blvd, Ste 500
Torrance, CA 90503

Report on the financial statements

We have audited the accompanying financial statements of Akhuwat USA (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2023, the related statements of activities 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 the auditing standards generally accepted in the 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 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 Akhuwat USA as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

S & A ASSOCIATES

Other matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for the purpose 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

S & A Associates, Certified Public Accountants

S & A Associates CPAs

Los Angeles, California
November 4, 2024

AKHUWAT USA
Statement of Financial Position
As of December 31, 2023

ASSETS

Current asset:

Cash and cash equivalents	\$ 1,363,496
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TOTAL ASSETS	<u>\$ 1,363,496</u>
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LIABILITIES & NET ASSETS

Unrestricted fund balance	\$ 1,363,496
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TOTAL LIABILITIES & NET ASSETS	<u>\$ 1,363,496</u>
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AKHUWAT USA
Statement of Activities
For the year ended December 31, 2023

Revenues:

Contribution	\$	1,249,079
Grant		694,608
Interest Income		416
Total revenues		1,944,103

Expenses:

Donation		9,044,635
Depreciation		82,265
Operating expenses		90,011
License, perrmits and fees		300
Program Expenses		21,666
Total expenses		9,238,877
Total Revenues Less Expenses	\$	(7,294,774)
Loss on disposition of property		(2,087,474)
Total of expenses and loss over revenue	\$	(9,382,248)
Net assets, beginning of year		10,745,744
Net assets, end of year	\$	1,363,496

AKHUWAT USA
 Statement of cash flows
 For the year ended December 31, 2023

Cash flow from operating activities:	
Change in Net Assets	\$ (7,294,774)
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Depreciation	82,265
<i>Net cash used by operating activities</i>	(7,212,509)
Cash flow from investing activities:	
Proceeds from sale of property	8,142,590
<i>Net cash provided by investing activities</i>	8,142,590
Net increase in cash and cash equivalents	930,081
Cash & Cash Equivalents at the beginning of the year	433,415
Cash & Cash Equivalents at the end of the year	\$ 1,363,496

Note 1: Summary of Significant Accounting Policies

Organization and nature of activities

Akhuwat USA (the “Non-profit”) was established in 2011. The non-profit is a section 501(c) (3) nonprofit foundation whose vision is to uplift underprivileged individuals and communities through sustainable development initiatives. The mission of Akhuwat USA is to microfinance individuals that can empower them to overcome financial constraints and achieve economic independence and are dedicated to supporting initiatives and other non-profit organizations that offer interest-free loans to students and promote educational endeavor for young people.

Basis of accounting

The non-profit’s policy is to prepare its financial statements on the basis generally accepted by the accounting principles of the United States of America; consequently, certain revenues are recognized when earned, and certain expenses and purchases of assets are recognized when the obligation is incurred.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and reported amounts of certain revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates provide a reasonable basis for the fair presentation of its financial condition and results of operations.

Cash and cash equivalents

Cash and cash equivalents include checking accounts, money market accounts and all highly liquid debt instruments with original maturities of three months or less which are not securing any of the non-profit’s obligations. The non-profit had \$1,363,496 cash and cash equivalents as of December 31, 2023.

Concentration of credit risk

Financial Instruments which potentially subject the non-profit to concentrations of credit risk are cash and cash equivalents. The non-profit places its cash equivalents on deposit in what it believes to be highly credited financial institutions. Cash balances may exceed the FIDC insured levels of \$250,000 per institution at various times during the year. The Foundation believes that there is no significant risk of losses and has not experienced any losses in such accounts.

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Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.

Tax status

The non-profit is exempt from Federal income tax under Section 501 (c)(3) of the Internal Revenue Code. The non-profit has been classified as an entity that qualifies for deductible contribution as provided in section 170(b)(1)(A)(ii). The non-profit is subject to income taxes only on unrelated business income. The non-profit have \$2,087,474 net unrelated business loss from sale of the property for the year ended December 31, 2023.

The non-profit's accounting policy provides that a tax expense or benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on technical merits. The non-profit has no uncertain tax position resulting in accrual of tax expense or benefit.

Basis of presentation

The Financial statements presentation follows the requirements of the Financial Accounting Standards Board ("FASB") in its Accounting Standards Codification ("ASC") No. 958-205 which provides guidance for the classification of net assets. The amounts for each of the three classes of net assets are based on the existence or absence of donor-imposed restrictions described as follows:

Unrestricted

Net assets of the non-profit whose use has not been restricted by an outside donor or by law. They are available for any use in carrying out the operation of the Foundation.

Temporarily restricted

Net assets of the non-profit whose use has been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Foundation. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets, as net assets released from restriction.

Permanently Restricted

Net assets of the non-profit whose use has been permanently limited by donor-imposed restrictions. Such assets include contributions required to be invested in perpetuity, the income from which is available to support charitable purposes designed by the donors.

The non-profit didn't have temporarily and/or permanently restricted net assets as of December 31, 2023.

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Note 2: Subsequent Events

The non-profit has evaluated subsequent events from December 31, 2023 through date that the accompanying financial statements are available to be issued and determined that there are no subsequent events or transactions that required recognition or disclosure in the financial statements.

**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

AKHUWAT USA
Supplementary information
Statement of functional expenses
For the year ended December 31, 2023

Accounting fees	\$	1,200
Bank charges		150
Books and periodicals		425
Meeting and conference		7,765
Legal and professional fees		7,554
Facilities and equipment		2,584
Property tax		54,641
Office expenses		15,635
Software		11
Security	\$	46
Total	\$	<u>90,011</u>