

THE AZRAQ EDUCATION AND COMMUNITY FUND, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
**The AZRAQ EDUCATION AND
COMMUNITY FUND, INC.**

We have reviewed the accompanying financial statements of The Azraq Education and Community Fund, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years 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 organization 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.

We are required to be independent of The Azraq Education and Community Fund, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

Based on our reviews, 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.

Perelson Weiner LLP

November 10, 2022

THE AZRAQ EDUCATION AND COMMUNITY FUND, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Cash	\$ 168,430	\$ 115,759
Cash - restricted for the Azra Center	60,864	63,659
Current and total assets	\$ 229,294	\$ 179,418
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 11,405	\$ 357
Current and total liabilities	11,405	357
Net assets		
Without donor restrictions	157,025	124,886
With donor restrictions	60,864	54,175
Total net assets	217,889	179,061
Total liabilities and net assets	\$ 229,294	\$ 179,418

See notes to financial statements.

THE AZRAQ EDUCATION AND COMMUNITY FUND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Net Assets		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues and other support			
Contributions	\$ 375,823	\$ 430,857	\$ 806,680
Net assets released from restrictions	424,168	(424,168)	
Total revenues and other support	<u>799,991</u>	<u>6,689</u>	<u>806,680</u>
Operating Expenses			
Programs			
The Azraq Education Center	248,450		248,450
School Building Construction	392,995		392,995
Montessori Program	44,541		44,541
Humanitarian Aid	29,698		29,698
Total programs	<u>715,684</u>		<u>715,684</u>
Supporting Services			
Management and general	36,165		36,165
Fundraising	16,003		16,003
Total supporting services	<u>52,168</u>		<u>52,168</u>
Total operating expenses	<u>767,852</u>		<u>767,852</u>
Increase in net assets	32,139	6,689	38,828
Net assets at beginning of year	<u>124,886</u>	<u>54,175</u>	<u>179,061</u>
Net assets at end of year	<u>\$ 157,025</u>	<u>\$ 60,864</u>	<u>\$ 217,889</u>

See notes to financial statements.

THE AZRAQ EDUCATION AND COMMUNITY FUND, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Net Assets		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues and other support			
Contributions	\$ 116,959	\$ 279,887	\$ 396,846
Net assets released from restrictions	306,658	(306,658)	
Total revenues and other support	423,617	(26,771)	396,846
Operating Expenses			
Programs			
The Azraq Education Center	260,996		260,996
Humanitarian Aid	29,286		29,286
Total programs	290,282		290,282
Supporting Services			
Management and general	55,235		55,235
Fundraising	8,194		8,194
Total supporting services	63,429		63,429
Total operating expenses	353,711		353,711
Increase (decrease) in net assets	69,906	(26,771)	43,135
Net assets at beginning of year	54,980	80,946	135,926
Net assets at end of year	\$ 124,886	\$ 54,175	\$ 179,061

See notes to financial statements.

THE AZRAQ EDUCATION AND COMMUNITY FUND, INC.
STATEMENTS OF CASH FLOWS

	For the year ended December 31	
	2021	2020
Cash flows from operating activities		
Cash received from:		
Contributions	\$ 806,680	\$ 396,846
Cash paid for:		
Program expenses	(715,684)	(290,282)
Other supporting expenses	(41,120)	(63,224)
	49,876	43,340
Net cash provided by operating activities and net increase in cash	49,876	43,340
Cash, January 1	179,418	136,078
Cash, December 31	\$ 229,294	\$ 179,418

**RECONCILIATION OF INCREASE IN NET ASSETS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Increase in net assets	\$ 38,828	\$ 43,135
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Increase in liabilities		
Accounts payable	11,048	205
	49,876	43,340
Net cash provided by operating activities	\$ 49,876	\$ 43,340

See notes to financial statements.

THE AZRAQ EDUCATION AND COMMUNITY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 1 - Organization

The Azraq Education and Community Fund, Inc. ("AECF") organized in the State of New York in 2015, is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). AECF provides education enhancement opportunities and humanitarian aid for Syrian refugees and other vulnerable families in Jordan. AECF aims to restore dignity and enrich the lives of Syrian refugees and other vulnerable families living in the rural and underserved community of South Azraq, Jordan by providing innovative education opportunities and critical humanitarian aid.

Note 2 - Summary of Significant Accounting Policies

a) Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), and accordingly, reflect all significant receivables, payables and other liabilities.

b) Revenue Recognition

Contributions are recognized, at fair value, when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Pledges are recognized as revenues in the period received and as assets. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Revenues are recorded as an increase in net assets depending on the existence and/or nature of donor restrictions, see also Note 3 – Net Assets.

When a restriction expires, i.e., when a stipulated time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from restrictions.

Grant receivable is stated at the amount Management expects to collect within one year and is recorded at net realizable value.

THE AZRAQ EDUCATION AND COMMUNITY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 2 - Summary of Significant Accounting Policies (Continued)

c) 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 which affect certain reported amount of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates.

d) Cash

Cash deposited with a foreign financial institution not federally insured was approximately \$2,400 and \$400 as of December 31, 2021 and 2020. Management mitigates the financial risk by maintaining funds at high quality financial institutions.

e) Donated Services

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by AECF.

The members of the Board of Directors volunteer their time and incur expenses servicing AECF; no provision is made in the financial statements for either the services or the expenses.

f) Grants Expense

Grants are recorded as expenses when approved by the Board of Directors and the grantees are identified. Grants payable are amounts approved and committed but not disbursed at year-end.

g) Income Taxes

AECF is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) and is a public charity, which allows donors the maximum charitable deduction.

AECF has analyzed its tax filing positions and concluded it has no uncertain tax positions. Accordingly, an accrual of liability related to uncertain tax positions are deemed not necessary.

THE AZRAQ EDUCATION AND COMMUNITY FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 2 - Summary of Significant Accounting Policies (Continued)

g) Income Taxes (Continued)

AECF is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The form 990, Return of Organization Exempt from Income Tax, of AECF for the years after 2018 are subject to examination by the IRS, generally for three years after they were filed. No income tax associated interest or penalties have been incurred.

h) Subsequent Events Evaluation

Management has evaluated subsequent events through November 10, 2022, the date which the financial statements were available to be issued, and has determined, there are no subsequent events which require adjustment in or disclosure to the financial statements.

Note 3 - Net Assets

AECF reports revenue as an increase in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

i. Net Assets without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directions (the "Board") and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

ii. 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.

As of December 31, 2021 and 2020, net assets with donor restrictions were \$60,864 and \$54,175, respectively, which represent the unreleased balance of the restricted contributions from Blossom Hill Foundation \$22,103 (2021) and \$5,258 (2020), and Moosa LP \$38,761 (2021) and \$48,917 (2020), respectively. The net assets with donor restrictions balance of Moosa LP is required to be held in a separate bank account pursuant to the grant agreement.

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Note 4 - Concentrations

Substantially all contributions were received from unaffiliated contributors including individuals, not-for-profit organizations and foundations, domestic and foreign. The top three contributors accounted for approximately 86% and 60% of the contributions received in 2021 and 2020, respectively.

Note 5 - Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited. The allocation method was primarily based on natural classification of expenses and time devoted to the functional areas.

I. Programs:

The Azraq Center – provides free-of-charge academic opportunities for Syrian refugee children and other vulnerable youths in the Azraq community. Students are instructed in the core subjects of Arabic, Math, Science and English as well as enrichment opportunities through Music, Art, IT, Discovery and more. AECF works in collaboration with Nachmyat Eastern Badia Cooperative (Nachmyat), a local non-profit organization and other non-governmental organizations in Jordan to host activities and provide trainings. All buildings are owned by Nachmyat.

Humanitarian Aid – distributes food aid to vulnerable Jordanian and Syrian families in the Azraq community. Emergency medical relief is provided on a case-by-case basis. All items are purchased within Jordan to support the local economy.

II. Management and General:

Management and general expenses include the administrative functions necessary to maintain the smooth running of the organization.

III. Fundraising:

Provides the structure necessary to encourage and secure financial support from individuals, foundations and corporate donors.

THE AZRAQ EDUCATION AND COMMUNITY FUND, INC.
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Note 5 - Functional Allocation of Expenses (Continued)

III. Fundraising: (Continued)

Transactions with Local Partners:

The amounts recorded by AECF represent its share of expenses in co-managing various programs with local partners as described below:

The Azraq Center program is managed in collaboration with Nachmyat Eastern Badia Cooperative (Nachmyat). Nachmyat contributes to the co-management of The Azraq Center, while AECF solely provides the running costs for the program.

AECF and Nachmyat operate a bank account together, each has signing authority. The bank account is in the name of Nachmyat, but all deposited funds are solely from AECF and exclusively for The Azraq Center program.

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Note 5 - Functional Allocation of Expenses (Continued)

Year 2021	The Azraq Education Center	School Building Construction	Montessori Program	Humanitarian Aid	Total Programs	Management and General	Fundraising	Total Expenses
Administrative salaries	\$ 134,158		\$ 38,886	\$ 3,788	\$ 176,832	\$ 10,312	\$ 14,582	\$ 201,726
Travel	9,611		1,305		10,916			10,916
Supplies	64,387		870		65,257			65,257
Montessori Program			870		5,935			5,935
School bus program	5,065		2,610	25,910	63,749			63,749
Food program	35,229							
General contracting		\$ 311,939			311,939			311,939
Engineer supervision		74,380			74,380			74,380
Electric and finishings		6,676			6,676			6,676
Marketing and advertising							28	28
Bank charges/transaction fees						3,567	910	4,477
Legal						15,508		15,508
Accounting						4,203		4,203
Office expense						2,575	483	3,058
	\$ 248,450	\$ 392,995	\$ 44,541	\$ 29,698	\$ 715,684	\$ 36,165	\$ 16,003	\$ 767,852

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Note 5 - Functional Allocation of Expenses (Continued)

Year 2020	The Azraq Education Center	Emergency Aid / Basic Need	Total Programs	Management and General	Fundraising	Total Expenses
Building and construction projects	\$ 91,088		\$ 91,088			\$ 91,088
Administrative salaries	110,536		110,536	\$ 17,736	\$ 6,400	134,672
Travel	1,413	\$ 355	1,768			1,768
Supplies	12,370	1,152	13,522			13,522
Montessori program	14,603		14,603			14,603
School bus program	3,863		3,863			3,863
Food program	17,214	27,779	44,993			44,993
Occupancy costs	9,637		9,637			9,637
Marketing and advertising				2	400	402
Bank charges/transaction fees				2,053	1,178	3,231
Legal				29,841		29,841
Accounting				4,058		4,058
Licenses and registrations			272	348		348
Dues and subscriptions	272			989	180	1,441
Office expense				208	36	244
	<u>\$ 260,996</u>	<u>\$ 29,286</u>	<u>\$ 290,282</u>	<u>\$ 55,235</u>	<u>\$ 8,194</u>	<u>\$ 353,711</u>

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Note 6 - Liquidity and Funds Available

The following table reflects AECF's financial assets as of December 31, 2021, available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible within one year.

	As of <u>December 31, 2021</u>
Financial assets:	
Cash	\$ 168,430
Less amounts not available to be used within one year:	
Accounts payable	<u>11,405</u>
Financial assets available to meet general expenditures within one year	<u>\$ 157,025</u>