

BARAKAT, INC.

COMPARATIVE FINANCIAL STATEMENTS

For the Years Ended September 30, 2008 and 2007

Barakat, Inc.
Statement of Financial Position
September 30, 2008

ASSETS

Current Assets	
Cash	\$ 1,260,530
Total Current Assets	<u>1,260,530</u>
Property and Equipment	
Computer	4,992
Equipment & Furniture	<u>953</u>
	5,945
Less accumulated depreciation	<u>(4,852)</u>
Net property and equipment	<u>1,093</u>
TOTAL ASSETS	<u><u>1,261,622</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	-
NET ASSETS	
Temporarily restricted	156,008
Unrestricted	<u>1,105,614</u>
Total net assets	<u>1,261,622</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>1,261,622</u></u>

See auditors' report and notes to financial statements

Barakat, Inc.
Statement of Activities
Year Ended September 30, 2008

UNRESTRICTED REVENUES	
Contributions	\$ 408,246
Gifts	27,017
Investment income	29,214
Miscellaneous income	<u>137</u>
TOTAL REVENUE	<u>464,614</u>
OPERATING EXPENSES:	
Grants & allocations	270,202
Accounting	5,500
Audit Fees	6,000
Auto	160
Bank charges	446
Depreciation	550
Donations	100
Gifts	1,161
Insurance	5,921
Legal fees	4,070
Licenses	17
Marketing	4,283
Meals & entertainment	892
Office supplies	5,267
Payroll fees	3,229
Payroll taxes	6,651
Postage	927
Rent	10,730
Repairs	180
Resale items	390
Retirement services	980
Software	2,345
State filing fees	250
Sublabor	800
Telephone	1,916
Translation services	240
Travel	360
Utilities	1,244
Wages	<u>77,250</u>
TOTAL OPERATING EXPENSES	<u>412,061</u>
INCREASE/(DECREASE) IN NET ASSETS	52,553
NET ASSETS AT BEGINNING OF YEAR	<u>1,209,069</u>
NET ASSETS AT END OF YEAR	\$ <u><u>1,261,622</u></u>

See auditors' report and notes to financial statements

Barakat, Inc.
Statement of Activities
For The Year Ended September 30, 2008

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE	
Interest and miscellaneous	\$ 29,351
Net assets released from restriction	<u>193,000</u>
Total Unrestricted Support and Revenue	<u>222,351</u>
EXPENSES	
Program services	270,202
Management and general	<u>141,858</u>
Total Expenses	412,060
Change in Unrestricted Net Assets	<u>(189,709)</u>

TEMPORARILY RESTRICTED NET ASSETS

SUPPORT AND REVENUE	
Grant revenue	435,262
Net assets released from restriction	<u>(193,000)</u>
Change in Temporarily Restricted Net Assets	<u>242,262</u>
CHANGE IN NET ASSETS	52,553
NET ASSETS, BEGINNING	<u>1,209,070</u>
NET ASSETS, ENDING	<u><u>1,261,623</u></u>

Barakat, Inc.
Statement of Cash Flows
September 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase/(decrease) in net assets	\$ 15,563
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	550
Increase/(decrease) in accounts payable	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>16,113</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash payments for purchase of equipment	<u>(1,196)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	(1,196)
NET INCREASE/(DECREASE) IN CASH	14,917
CASH, beginning of the year	<u>1,245,613</u>
CASH, end of year	<u><u>\$ 1,260,530</u></u>

See auditors' report and notes to financial statements

Barakat, Inc.
Notes to Financial Statements
September 30, 2008 and 2007

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Barakat, Inc. (Organization) was incorporated as a non-profit organization on December 28, 1999, under Chapter 180 of the General Laws of the Commonwealth of Massachusetts. The Organization's main purpose is to establish and maintain schools and public health care facilities for underprivileged individuals. Presently, the Organization provides funding support for: 1) primary education for children and adults in the countries of Afghanistan, Pakistan and India and 2) various health projects for funded schools and the communities that the schools are located in. The Organization is supported through private donations.

Basis of Accounting

The Organization maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no temporarily or permanently restricted net assets.

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.

Revenue Recognition

Contributions earned are recorded as unrestricted, temporary or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Income Tax Status

The Organization has been determined to be exempt from federal income taxes under Internal Revenue Code Section 501(c) and further modified as a private operating foundation under Section 4942(J)(3) starting year ending Sept. 30, 2006. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Barakat, Inc.
Notes to Financial Statements
September 30, 2008 and 2007

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalence

Cash includes all monies held in reputable banks and highly liquid investments with maturing dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Property and Equipment

All acquisitions of property in excess of \$ 500 and all expenditure for repairs, maintenance, renewals and betterment that naturally prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the appropriate fair value at the date of donation. Depreciation is computed using primarily the accelerated method.

The following is a summary of property and equipment, less accumulated depreciation at September 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Property and equipment	\$5,945	\$ 4,750
Accumulated depreciation	(4,852)	(4,084)
Total	<u>\$1,093</u> =====	<u>\$ 666</u> =====

Depreciation expense at September 30, 2008 and 2007 was \$ 550 and \$453, respectively.

Contributed Services

Unpaid volunteers have made significant contributions of their time and services in assisting the Organization in its daily operations. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation under SFAS No. 116. Rent for the years ended September 30, 2008 and 2007 of \$8,730 and 3,960, respectively, were charged by the landlord who is also a board of director member.

Contributions

The Organization records contributions and grants when they are earned. There are no outstanding grants that have been approved and not recorded.

Barakat, Inc.
Notes to Financial Statements
September 30, 2008 and 2007

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Sponsorships

Corporate sponsorship income are payments received from corporations to sponsor Barakat, Inc.'s activities including specific programs and management of the organization in general. The payments by corporations are made without arrangement or expectations of any "substantial return benefit" from Barakat, Inc. The Organization will express its appreciation to the sponsors for its financial support by acknowledging the sponsors' support through the use of logos or slogans at its location or internet address but will not promote the sponsor's products, services or facilities.

NOTE B - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash accounts that are insured at financial institutions by the FDIC. At various times during the fiscal year, the company's cash in bank balance may exceed the federally insured limits. Amounts are insured up to \$250,000 by the FDIC in 2008, whereas the limit for 2007 was \$100,000.. At various times during the year, the Organization's cash in bank balances exceeds the federally insured limits. At September 30, 2008 and 2007, the Organization's uninsured cash balances were \$702,671 and \$1,045,613 respectively. Management acknowledges the possibility of risk on this arrangement, however, the size and longevity of the depository institutions minimizes such risk.

NOTE C - RENTAL COMMITMENT

Starting September 1, 2008 and ending August 31, 2013, the Organization shall pay Caru Retail LLC \$1,000/month for base rent. The lessee is required to maintain comprehensive public liability insurance in the amount of \$1,000,000 for bodily injury and death which may occur on the premises and \$500,000 for property damage.

Barakat, Inc.
Form PC
FID #04-3493675
F/Y/E 09-30-08

Page 3, Question 6, #1

Fee represents consulting fee paid to director for accounting, preparation of financial statements and preparation of federal and state tax returns.

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Damon Luloff
410 Medford St., #3
Somerville, MA 02145
CEO
Compensation: \$45,000

William Mor
85 Ellsworth Rd.
Blue Hill, ME 04614
President
Compensation: 0

Edward Scribner
170 Worcester St., Ste. 208
Wellesley, MA 02481
Vice President/Clerk
Compensation: \$11,500

Karen Boatman
27 Whitney Ave.
Cambridge, MA 02139
Director
Compensation: 0

Thomas Barfield
51 Charlton Ave. #2
Cambridge, MA 02139
Director
Compensation: 0

Habibullah Karimi
Manohar Street, Nicholsons Road
Lahor, PAK
Director
Compensation: 0

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F/Y/E 09-30-08

Arti Pandey
83 Amory St., Apt #5
Cambridge, MA 02139
Employee
Compensation: \$26,250

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Custody of Funds: Damon Luloff, CEO
Distribution of Funds: Damon Luloff, CEO
Fund Raising : Damon Luloff, CEO
Custody of Fin'l Records: Damon Luloff, CEO
Sign Checks: Damon Luloff, CEO

Same address for all:
410 Medford St., #3
Somerville, MA 02145

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Sussy-Rose Shields, executive director, was replaced.

An agreement was made and included continued compensation, from 10/01/07 through 12/31/07, continued health insurance for six months and a consulting fee for work performed for the organization in 2008 as needed.

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Fuat Ercan Korkmaz
Trustee of Asman Realty Trust

Page 5, Q. 24(h)

Sussy Rose Shields
Employee, \$6,000

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F/Y/E 09-30-08

Damon Luloff
Exec. Director, \$45,000

Edward A. Scribner, CPA
Accounting/Tax services, \$11,500

Arti Pandey
Employee, \$26,250

Page 5, Q. 24(m)

Edward Scribner
Director
c/o Solutions Benefitting Life
Sudbury, MA

Grant provided to continue development of low cost water solutions in developing countries; total of \$17,500.

Board of directors voted for full approval of grant.

Edward Scribner abstained from voting.

All the above are approved by the Board upon review of the budget annually.