

BARAKAT, INC.

**FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION**

For the Year Ended September 30, 2010

BARAKAT, INC.

TABLE OF CONTENTS
September 30, 2010

	<u>Page</u>
ACCOUNTANTS' REVIEW REPORT.....	1
FINANCIAL STATEMENTS	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Cash Flows.....	4
Notes to Financial Statements.....	5
ACCOUNTANTS' REPORT ON SUPPLEMENTARY INFORMATION.....	8
SUPPLEMENTARY INFORMATION	
Statement of Functional Expenses.....	10

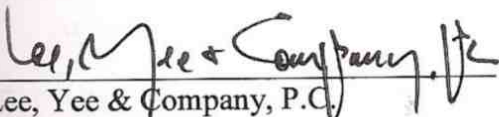
ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of Barakat, Inc.

We have reviewed the accompanying statement of financial position of Barakat, Inc. (a non-profit organization) as of September 30, 2010 and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the Organization's management.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 conformity with accounting principles generally accepted in the United States of America.


Lee, Yee & Company, P.C.
May 5, 2011

BARAKAT, INC.

STATEMENT OF FINANCIAL POSITION
September 30, 2010

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 116,993
Marketable Securities	741,288
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TOTAL CURRENT ASSETS	858,281
	<hr/>
PROPERTY AND EQUIPMENT	
Equipment & Furniture	8,534
Less: Accumulated Depreciation	(4,273)
	<hr/>
NET PROPERTY & EQUIPMENT	4,261
	<hr/>
OTHER ASSETS – Security Deposit	1,000
	<hr/>
TOTAL ASSETS	<u>863,542</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable	1,167
	<hr/>
NET ASSETS	
Unrestricted	862,375
	<hr/>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 863,542</u>

See accountants' report and notes to financial statements

BARAKAT, INC.

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE		\$	75,069
Contribution Income			26,877
Fundraising			4,364
Interest			22,200
Dividend			(14,509)
Realized losses			27,636
Unrealized gain			1,072
Miscellaneous Income			
Net Assets Released From Restriction			59,273
Restriction Satisfied By Payment			
			<u>201,982</u>
Total Unrestricted Support and Revenue			
 EXPENSES			298,324
Program Services			63,344
Management and General			32,305
Fundraising			
			<u>393,973</u>
Total Expenses			
			<u>(191,991)</u>
Decrease in Unrestricted Net Assets			

TEMPORARILY RESTRICTED NET ASSETS

SUPPORT AND REVENUE			
Grants			59,273
Net Assets Released From Restriction			(59,273)
Restriction Satisfied By Payment			
Decrease in Temporarily Restricted			
Net Assets			<u>-</u>
			(191,991)
CHANGE IN NET ASSETS			
NET ASSETS, BEGINNING			<u>1,054,366</u>
NET ASSETS, ENDING		\$	<u><u>862,375</u></u>

See accountants' report and notes to financial statements.

BARAKAT, INC.

STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease In Net Assets \$ (191,991)

Adjustments to Reconcile Increases in Net Assets
to Net Cash Used In Operating Activities:

Depreciation 702

Decrease in Accounts Payable (2,700)

Net Cash Used In Operating Activities (193,989)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Payments for Purchase of Equipment (405)

Purchase of Marketable Securities (741,288)

Net Cash Used In Investing Activities (741,693)

NET DECREASE IN CASH (935,682)

CASH, BEGINNING OF YEAR 1,052,675

CASH, END OF YEAR \$ 116,993

See accountants' report and notes to financial statements.

BARAKAT, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTES A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Barakat, Inc. (the Organization) was incorporated as a non-profit organization on December 28, 1999, whose main purpose was to establish and maintain schools and public health care facilities for underprivileged individuals and to assist in the preservation of land recognized as endangered or threatened habitat. Presently, Barakat exists to strengthen the fundamental human rights to education in South and Central Asia by providing exemplary basic education, increasing access to higher education and advancing literacy, particularly for women and children. Barakat envisions a world in which all the people of South and Central Asia fully realize their human rights to education.

Basis of Accounting

The Organization's financial statements are presented on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of 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. Barakat, Inc. has no temporarily or permanently restricted net assets.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 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.

Income Tax Status

The Organization has been determined to be exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Barakat, Inc. has also been classified as an entity that is not a private foundation within the meaning of section 509 (a) and qualifies for deductible contributions as provided in section 170 (b) (i) (a)(vi). Accordingly, no provision for federal and state income tax has been recorded in the accompanying financial statements.

BARAKAT, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status, continued

Barakat, Inc. evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold, along with accrued interest and penalty thereon would be recorded as an expense in the current year financial statements. At September 30, 2010, the organization believes that it has no uncertain tax positions within any of its open tax years.

Cash and Cash Equivalents

Barakat, Inc. considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The organization maintains its banking with local banks. The cash balance at September 30, 2010 was \$116,993. Barakat, Inc. did not maintain cash balances in excess of FDIC insured limits at September 30, 2010.

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.

Contributions

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

Revenue Recognition

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

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BARAKAT, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE B – LEASE COMMITMENT

Barakat, Inc. is obligated under a 5 year operating lease for 650 sq. ft. of office space beginning on September 1, 2008 and ending on August 31, 2013. The lease requires monthly rent payments of \$1,000 which includes all utilities. The future minimum obligation under this lease agreement will be \$12,000 per annum for the next 4 years.

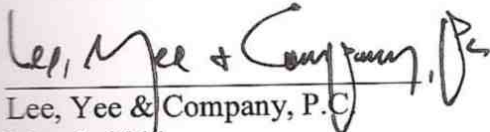
NOTE C – SUBSEQUENT EVENTS

Barakat, Inc. has performed an evaluation of subsequent events through May 5, 2011, which is the date the organization's financial statements were available to be issued. No material subsequent events have occurred since September 30, 2010 that requires recognition or disclosure in these financial statements.

ACCOUNTANTS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of Barakat, Inc.

The accompanying supplementary statement of functional expenses for the year ended September 30, 2010 is presented only for analytical purposes and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements. All the information included in the schedule is the representation of the management of Barakat, Inc. We did not become aware of any material modifications that should be made to the supplementary information.


Lee, Yee & Company, P.C.
May 5, 2011

SUPPLEMENTARY INFORMATION

BARAKAT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2010

<u>Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses Sept. 30, 2010</u>
Bank Charges	\$ -	\$ 645	\$ -	\$ 645
Depreciation	-	702	-	702
Fringe Benefits	684	632	439	1,755
Grants	220,367	-	-	220,367
Insurance	3,757	-	-	3,757
Marketing	9,281	-	-	9,281
Mass Annual Fee	-	114	-	114
Meals and Entertainments	351	1,402	-	1,753
Office Rent	6,000	6,000	-	12,000
Office Supplies	1,940	1,940	-	3,880
Payroll & Payroll Tax	48,071	44,233	31,866	124,170
Professional Development	204	-	-	204
Professional Fees	-	5,450	-	5,450
Repairs	-	267	-	267
Software	174	1,561	-	1,735
Special Events	5,901	-	-	5,901
Telephone & Internet	1,594	398	-	1,992
Totals	\$ 298,324	\$ 63,344	\$ 32,305	\$ 393,973

See accompanying notes and accountants' report on supplementary information