

AL KAUSER INC
Financial Statements
December 31, 2020

RAM ASSOCIATES, CPAS

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AL KAUSER INC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of AL Kauser, Inc.
Hightstown, New Jersey

We have audited the accompanying financial statements of AL Kauser, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, 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 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 in order 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 AL Kauser, Inc. as of December 31, 2020, 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.

Ram Associates

Ram Associates

Hamilton, NJ

August 23, 2021

AL KAUSER INC
STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 108,017
Other current assets	<u>873</u>
TOTAL ASSETS	<u><u>\$ 108,890</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accrued expenses	<u>\$ 5,750</u>
Total liabilities	<u>5,750</u>

Net assets:

Without donor restrictions	103,140
With donor restrictions	<u>-</u>
Total net assets	<u>103,140</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 108,890</u></u>

AL Kauser Inc
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total activities
Operating activities			
Revenues and other support			
Contributions	\$ 334,602	\$ -	\$ 334,602
Covid - 19	-	115,058	115,058
Orphans	-	24,800	24,800
Education	-	91,781	91,781
Total revenue and support	334,602	231,639	566,241
Net assets released from restrictions	231,639	(231,639)	-
Total revenues and other supports	566,241	-	566,241
Expenses			
Program services	491,269	-	491,269
Total program services	491,269	-	491,269
Supporting services			
Management and general	15,767	-	15,767
Total support services	15,767	-	15,767
Total expenses	507,036	-	507,036
Change in net assets	59,205	-	59,205
Net assets, beginning of the year	43,935	-	43,935
Net assets, end of the year	\$ 103,140	\$ -	\$ 103,140

See accompanying notes to financial statements

AL KAUSER INC
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2020

	Program Services	Supporting Services	Total functional expenses
		Management and general expenses	2020
Bank Service Charges	\$ -	\$ 3,939	\$ 3,939
Contributions Support	491,269	-	491,269
Meals & Entertainment	-	1,350	1,350
Merchant Account fee	-	540	540
Office supply	-	2,869	2,869
Postage, Mailing Service	-	458	458
Website chares	-	111	111
Audit fee		6,500	6,500
Total Expenses	\$ 491,269	\$ 15,767	\$ 507,036

AL KAUSER INC
STATEMENT OF CASH FLOWS
For The Years Ended December 31, 2020

Cash flows from operating activities	
Change in net assets	\$ 59,205
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Changes in operating assets and liabilities	
Increase / (Decrease) in	
Accrued expenses	<u>5,750</u>
Net cash provided by operating activities	<u>64,955</u>
Net increase in cash and cash equivalents	64,955
Cash at the beginning of the year	43,062
Cash at the end of the year	<u><u>\$ 108,017</u></u>
 Supplementary disclosure of cash flows information	
Cash paid during the year for:	
Interest paid	\$ -
Taxes paid	-

See accompanying notes to financial statements

AL KAUSER INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. Nature of Business

Organization

AL Kauser, Inc. (the "Organization") was incorporated under the laws of the State of New Jersey on March 8, 2006 with corporate office located at East Windsor New Jersey. The Organization registered as a Non-Profit Organization, is tax exempt under section 501(c) (3) of the Internal Revenue Code of 1986. The Organization was established to focus on uplifting the standards of living by developing academic institutions and providing social support structure to the needy.

The Organization supports the existing charitable organizations to strengthen their work and better their abilities to support their community. The Organizations' major areas of focus are education, victims of terrorism and their families, which includes, smart education, orphan's education, professional education, social development, clean water, housing, poor widows support and health service.

Public Support

All the donations are received from the general public through mass communication by way of emails and other telecommunication system. All the donations are both restricted and unrestricted.

2. Summary of Significant Accounting Policies

a. Accounting Policies

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP); consequently, revenue is recognized when services are rendered, and expenses reflected when costs are incurred.

Net assets are classified based on the existence or absence of donor-imposed restriction. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

Without donor restrictions - net assets that are not subject to donor-imposed restrictions or donor-imposed restrictions have expired.

With donor restrictions - net assets that are subject to donor-imposed restrictions. These include net assets that are subject to time or purpose restrictions and donor

AL KAUSER INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

restricted endowments. Assets with time or purpose restrictions are satisfied either by the passage of time or by actions of the Organisation.

b. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at end date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

c. Revenue Recognition

Revenue is reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. If an expense is incurred for a purpose for which net assets with donor restrictions are available, a donor-imposed restriction is fulfilled to the extent of the expense incurred. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as release from restrictions in the statement of activities.

d. Cash and cash equivalents

The Organization considers all highly liquid investments (including money market funds) with an original maturity at acquisition of three months or less to be cash equivalents. The Organization maintains cash balances, which may exceed federally insured limits. The Organization does not believe that this results in any significant credit risk.

e. Credit and Contribution Concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization has a checking account with TD Bank, New Jersey. The balance in the account was \$108,017 on December 31, 2020. The Organization does not have any significant funders and all programs are conducted based on the general contribution from the public.

AL KAUSER INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

f. Grants

The Organization received funding from private grantors for direct and indirect program costs and to provide certain whole or partial sub-grants to other agencies.

g. Contributions

Contributions received are measured at their fair values on the date of donation and are reported as an increase in net assets. The Organization reports cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There are no permanently restricted funds in the Organization as on December 31, 2020.

Contributions received with donor-imposed conditions are recognized as revenue when the conditions have been substantially met.

h. Donated Services, Commodities and Gifts-in-Kind

Donated services are reported as contributions and expenses in amounts equal to their estimated fair value on the date of receipt.

A substantial number of individuals have volunteered significant amount of their time to program and supporting functions; however, these services do not meet the criteria for recognition in accordance with U.S. generally accepted accounting principles and, therefore, are not recorded in the accompanying financial statements

Gifts-in-kind (GIK) are reported as contributions at their estimated fair value on the date of receipt and reported as expenses when utilized. GIK are value based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Donated GIK are not sold and goods are only distributed for program use.

Donated commodities are reported at fair value and recognized as revenue and expense when the commodities are distributed for program purposes and received by the recipients.

AL KAUSER INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

i. Functional Expenses

The Organization allocates expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are reported accordingly. Other expenses that are common to several functions allocated by various statistical bases which attribute the cost to functional categories. Statistical bases utilized include square footage occupied by business units and estimated time and effort of supporting other functions.

j. Measure of Operations

The Organization includes on its measures of operations all revenues and expenses that are integral to its program services and supporting services.

k. Promotion Expenses

The Organization budgeted expenses that are common to several functions allocated for Travel grants, publication, office supplies and social media.

l. Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures* defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. FASB ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash, accounts receivable, accounts payable and accrued expenses and other liabilities.

AL KAUSER INC
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m. Tax Status

AL Kauser, Inc. is a not-for-profit organization exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. AL Kauser files income tax returns in the U.S. federal jurisdiction, and various State jurisdictions.

The Organization follows the guidance of Accounting Standard Codification 740, Income Taxes, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization believes it has taken no significant uncertain tax positions

n. Advertising Costs

The Organization expenses advertising cost as and when incurred. Advertising expenses for the year ended December 31, 2020.

3. New Accounting Pronouncements

- i) During 2020 the Organization adopted Accounting Standards Update (ASU) No 2016-4 *Not-for-Profit Entities* (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities (ASU 2016-4). ASU reduces the number of net assets from three to two: net assets without donor restrictions, previously reported as unrestricted net assets and net assets with donor restrictions, previously reported as temporarily restricted net assets and permanently restricted net assets. Additionally, a main provision of this guidance includes recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also expands the quantitative and qualitative disclosures regarding liquidity and availability of resources and requires expenses to be reported both their natural and functional classification in one location. The Organization did not have any permanently restricted net assets in the year ended December 31, 2020.
- ii) The FASB issued ASU No. 2020-08, *Not-for-Profit Entities* (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made – This ASU is intended to clarify and improve the scope and accounting guidance for contributions received and contributions made. The ASU is effective for the year ending December 31, 2020.

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4. Global Pandemic – COVID 19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last. To date, the branch has not experienced any major consequences or loss of business which will materially impact the financial conditions of the Organization.

It is unknown how long the adverse conditions associated with the coronavirus will last. To date, the Organization has not experienced any major consequences or loss of business which will materially impact the financial conditions of the Organization.

5. Commitments

The Organization has no leased office premises, and it operates from one of the directors' house in East Windsor, New Jersey.

6. Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs and other financial commitments, while also striving to maximize the investment of its available funds. The Organization maintains a financial resources policy that outlines acceptable investment vehicles for working capital, which includes reserves to be spent in the short-term on current activities, and operating cash, which includes gifts without donor restrictions and which restriction of funds for operating needs. Per the policy, the Organization invests available cash needed for its general expenditures, liabilities and other obligations in short-term investments, specifically interest-bearing checking accounts, money market funds, and money market mutual funds.

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For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of all services in the U.S as well as the conduct activities to support those service operations to be general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient funds to cover general expenditures not covered by donor restricted resources.

Financial assets for general expenditures available within one year from December 31, 2020 are as follows:

Cash and cash equivalents	\$ 108,017
Total current assets	<u>\$ 108,017</u>

7. Subsequent Events

The Organization has evaluated subsequent events from December 31, 2020 through August 23, 2021 which the financial statements were available to be issued. No other reportable subsequent events have occurred through the issue date August 23, 2021 which would have significant effect on the financial statements as of December 31, 2020, except as otherwise disclosed.