
Hidaya Foundation



FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2010

HIDAYA FOUNDATION

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A Professional Accountancy Corporation

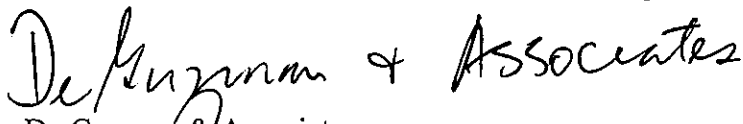
Independent Auditors' Report

Board of Directors
Hidaya Foundation
Santa Clara, California

We have audited the accompanying statement of financial position of Hidaya Foundation as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of Hidaya Foundation. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Hidaya Foundation as of December 31, 2010 and the changes in its cash flows and its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.


De Guzman & Associates
Milpitas, California

February 22, 2011

HIDAYA FOUNDATION
Statement of Financial Position
December 31, 2010

ASSETS

Current Assets:	
Cash	\$ 3,048,895
Investments	<u>661,976</u>
Total Current Assets	<u>3,710,871</u>
Property and Equipment:	
Computers	31,141
Equipment	<u>8,906</u>
Total	40,047
Accumulated Depreciation	<u>(27,372)</u>
Total Property and Equipment - Net	<u>12,675</u>
Other Assets	<u>600</u>
Total Assets	<u><u>\$ 3,724,146</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable and Accrued Expenses	<u>\$ 5,846</u>
Total Current Liabilities	<u>5,846</u>
Net Assets:	
Permanently Restricted	302,071
Unrestricted	<u>3,416,229</u>
Total Net Assets	<u>3,718,300</u>
Total Liabilities and Net Assets	<u><u>\$ 3,724,146</u></u>

See accompanying notes to financial statements.

HIDAYA FOUNDATION
Statement of Activities
Year Ended December 31, 2010

REVENUE AND SUPPORT:	
Donor Contributions	\$ 6,469,161
Contributed Services	25,661
Dividend and Capital Gains (Losses)	(143,891)
Change in value of investments	<u>56,156</u>
Total Revenue and Support	<u>6,407,087</u>
EXPENSES:	
Program Services	4,818,607
Administrative and General	347,715
Fundraising	<u>75,656</u>
Total Expenses	<u>5,241,978</u>
CHANGE IN NET ASSETS	1,165,109
Net Assets, Beginning of Year	
Permanently Restricted	302,071
Unrestricted	<u>2,251,120</u>
	<u>2,553,191</u>
Net Assets, End of Year	
Permanently Restricted	302,071
Unrestricted	<u>3,416,229</u>
	<u>\$ 3,718,300</u>

See accompanying notes to financial statements.

HIDAYA FOUNDATION
STATEMENT OF CASH FLOWS
Year Ended December 31, 2010

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 1,165,109
Adjustments to Reconcile Changes in Net Assets to Net Cash:	
Change in Value of Investments	(56,156)
Depreciation	4,475
Loss on Disposal of investments	146,570
Increase (Decrease) in Current Liabilities:	
Accounts Payable and Accrued Expenses	<u>5,759</u>
Net Cash Provided by Operating Activities	<u>1,265,757</u>
Cash Flows from Investing Activities:	
Net decrease in Investments	(72,815)
Equipment Purchases	<u>(14,811)</u>
Cash Used in Investing Activities:	<u>(87,626)</u>
Cash Flows from Financing Activities:	
	<u>-</u>
Cash Provided by (Used in) Financing Activities	<u>-</u>
Increase in Cash	1,178,131
Cash Balance, Beginning of Year	<u>1,870,764</u>
Cash Balance, End of Year	<u><u>\$ 3,048,895</u></u>

See accompanying notes to financial statements.

HIDAYA FOUNDATION

Notes to Financial Statements

1. ORGANIZATION

Hidaya Foundation was incorporated as a nonprofit corporation in May 1999 to fund and promote charitable organizations and causes that encourage the improvement of social and economic conditions in rural areas of Province of Sindh, Pakistan and other economically depressed areas approved by the Board.

It was granted tax-exempt status by the Internal Revenue Service under Section 501 (c) (3) and by the California Franchise Tax Board under Section 23701 (d).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting. The assets, liabilities and net assets are classified in accordance with specified restrictions or objectives as follows:

- Unrestricted Net Assets – Portion of net assets that are not externally restricted nor invested in capital assets. Unrestricted net assets may be designated for specific purposes by management.
- Restricted Net Assets – Portion of net assets resulting from transactions with purpose restrictions are classified as restricted net assets until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact. Net assets whose use by Hidaya is subject to externally-imposed restrictions that can be fulfilled by actions of Hidaya pursuant to those restrictions or that expire by the passage of time are classified as temporarily restricted net assets. Net assets subject to externally-imposed restrictions that must be retained in perpetuity would be classified as permanently restricted net assets

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts.

HIDAYA FOUNDATION

Notes to Financial Statements

Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

Support and Revenue

Cash contributions, which are primarily zakat (obligatory charity contributions), are recognized upon receipt, while in-kind donations are measured at their fair market value at the time of donation.

Contributed Services

A substantial number of volunteers have made significant contributions of their time to Hidaya's programs and supporting services. The value of the contributed time estimated to be \$37,291 is not reflected in the financial statements since it does not require a specialized skill. However, certain other contributed services that require specialized skills provided by individuals possessing those skills, and need to be purchased if not provided by donation, are recognized as revenue and expense. These contributed services are mainly accounting, information technology and marketing services.

Cash and Cash Equivalents

Cash and cash equivalents consisted of bank accounts maintained with various local financial institutions, which are insured by the Federal Deposit Insurance Corporation. At times, the balance in the accounts may be in excess of federally insured limits.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs that benefited from the supporting services.

3. PROGRAMS

The programs of Hidaya Foundation are summarized as follows:

Social Welfare Programs – projects undertaken to serve the poorest in economically depressed areas by providing food, water, clothes, household items, school supplies and materials, toys and cash. Projects include Zakat distribution, Disaster relief, One million meals, Marriage support for girls, Widow/orphan support, Container shipment, Farmer assistance, Self employment, Sadaqah (charity), Qurbani (meat distribution at the time of Eid ul Adha), Sadaqat-ul-fitr (food for the poor at time of Eid), Fidya (food for missed fasts at Ramadan), Aqiqah (charity on occasion of new-born child), and Kaffara (food for the poor for expiation of wrong actions).

HIDAYA FOUNDATION
Notes to Financial Statements

Education Programs – involves providing educational opportunities to reduce illiteracy among the poor in projects as No orphan without education, Sponsor a student, Female education drop-out prevention, Support a school, Information technology training, Vocational training, Career development, One million books, and Disaster preparedness team.

Healthcare Programs – projects carried out to assist the poor in meeting basic health care needs, such as Medical assistance, Hospital assistance, Medical camps and Preventive health care education.

Environment Programs – program undertaken to promote care of the environment, such as projects on Renewable Energy, Clean Drinking Water (Water Hand Pump and Deep Wells) and One Million Trees.

4. INVESTMENTS

Investments held by a custodial bank are carried at market value and consist of the following as of December 31, 2010:

Stocks	\$148,649
Money market funds	513,327
	<u>\$661,976</u>

5. RELATED PARTY TRANSACTIONS

A significant portion of the social welfare programs are implemented through Hidayah Trust, an affiliated organization based in Pakistan.

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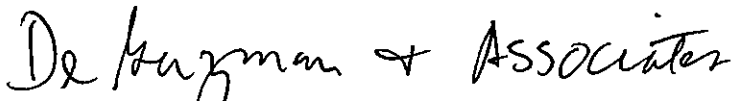
Independent Auditors' Report on Supplementary Information

Board of Directors
Hidaya Foundation
Santa Clara, California

We have audited the financial statements of Hidaya Foundation for the year ended December 31, 2010 and have issued our report thereon dated February 22, 2011. These financial statements are the responsibility of the management of Hidaya Foundation. Our responsibility is to express an opinion on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Hidaya Foundation taken as a whole. The supplementary financial information identified on pages 9 to 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information in these schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


De Guzman & Associates
Milpitas, California

February 22, 2011

HIDAYA FOUNDATION
Schedule of Contributions and Program Services
Year ended December 31, 2010

	<u>Contributions</u>	<u>Program Services</u>
Social Welfare Programs	\$ 6,205,282	\$ 4,471,393
Education Programs	108,336	133,227
Environment Programs	151,654	166,042
Healthcare Programs	<u>29,550</u>	<u>47,945</u>
Total	<u>\$ 6,494,822</u>	<u>\$ 4,818,607</u>

See accompanying notes to financial statements.

HIDAYA FOUNDATION
Schedule of Functional Expenses
Year Ended December 31, 2010

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Program Grants	\$ 4,283,918	\$	\$	\$ 4,283,918
Payroll Costs	239,820	108,482		348,302
Postage and Delivery	67,996	119,655		187,651
Advertising	94,264	15,632	46,429	156,325
Marketing	59,339	9,840	29,227	98,406
Bank and Merchant Service Charges	24,997	24,997		49,994
Insurance		32,024		32,024
Volunteer Services	23,095	2,566		25,661
Rent	13,125	8,400		21,525
Professional Fees		8,750		8,750
Telephone	3,959	3,202		7,161
Supplies	206	5,216		5,422
Depreciation		4,475		4,475
Outside Services	4,456			4,456
Travel	746	3,445		4,191
Internet Charges	862	862		1,724
Repairs & maintenance	1,654			1,654
Dues & subscriptions	170	19		189
Taxes and Licenses		150		150
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Total	<u>\$ 4,818,607</u>	<u>\$ 347,715</u>	<u>\$ 75,656</u>	<u>\$ 5,241,978</u>

See accompanying notes to financial statements.