

ARAB STUDENT AID INTERNATIONAL

FINANCIAL STATEMENTS

December 31, 2020

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Arab Student Aid International as of December 31, 2020 the receipts, expenses, and other changes in net assets for the period then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.


March 12, 2021

ARAB STUDENT AID INTERNATIONAL

Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
December 31, 2020

	<u>2020</u>
<u>ASSETS</u>	
Cash	\$ 33,231
Funds on Deposit with Lebanon Agency	539,200
Investments	3,541,681
Property, Plant, and Equipment	20,480
Accumulated Depreciation	<u>(18,200)</u>
Total Assets	<u>\$ 4,116,392</u>
<u>NET ASSETS</u>	
Total Net Assets	<u>4,116,392</u>
Total Liabilities and Net Assets	<u>\$ 4,116,392</u>

ARAB STUDENT AID INTERNATIONAL

Statement of Receipts, Expenses, and Other Changes In Net Assets - Modified Cash Basis
For the year ended December 31, 2020

	<u>2020</u>
Receipts	
Contributions	\$ 791,700
Investment Income	333,149
Scholarship Reimbursements	<u>24,263</u>
Total Receipts	<u>1,149,112</u>
Expenses	
Personnel & Benefits	116,433
Scholarships	101,906
Grants	233,427
Rent	13,920
Supplies	13,523
Travel - Fundraising	5,768
Utilities	5,371
Bank Service Charges	1,191
Professional Fees	4,469
Depreciation	79
Other Expenses	<u>3,899</u>
Total Expenses	<u>499,986</u>
Change In Net Assets	649,126
Net Assets, Beginning of the Year	3,467,266
Net Assets, End of the Year	<u><u>4,116,392</u></u>

ARAB STUDENT AID INTERNATIONAL

Notes to the Financial Statements
December 31, 2020

Note 1 – Nature of the Organization

Arab Student Aid International (ASAI) was organized in 1976 by a group of Arab and American academicians and businessmen. ASAI is a nonprofit, nonpolitical, non-religious organization whose purpose is to provide financial assistance to qualified students from the Arab States in order to pursue degrees in higher education.

Note 2 - Summary of Significant Accounting Policies and Description of Key Accounts

Basis of Presentation

The financial statements are presented on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The significant ways in which the modified cash basis differs from GAAP:

1. Revenues derived from pledges are recognized when received as opposed to when pledged.
2. Revenues received from dividends are recognized when received as opposed to when declared.
3. Contributed services are not recognized as revenue or expense in the financial statements.
4. Expenditures/expenses are recognized on a cash basis.
5. Loans made to students are recognized as expense and repayments are recognized as reimbursements.
6. ASAI does not follow Accounting Standards Codification (ASC) 958, which requires nonprofit entities to show its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All net assets are shown as unrestricted.
7. No statement of cash flows is prepared as required by GAAP.
8. GAAP requires a disclosure which explains in detail the methodology used to value securities included in the financial statements. The detailed disclosure has been omitted since the securities are valued using the fair market values listed on the brokers' statements.
9. Statement of Functional Expenses.

The effect of the above differences has not been calculated but is presumed to be material.

Use of Estimates

The process of preparing financial statements in conformity with the modified cash basis of accounting requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses.

Tax Status

ASAI is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

ARAB STUDENT AID INTERNATIONAL

Notes to the Financial Statements
December 31, 2020

Note 2 - Summary of Significant Accounting Policies and Description of Key Accounts (Continued)

Investments

Investments are presented on the statement of assets, liabilities, and net assets at their estimated fair value, not cost. All investment related activity is reported as Investment Income on the statement of receipts, expenses, and other changes in net assets – modified cash basis and include unrealized holding gains and losses as well as realized gains and losses on sales.

Note 3 – Operating Leases

ASAI conducts its operations from an office in Dublin, Ohio that is leased month to month. Rent expense for the year ended December 31, 2020 was \$13,920.

Note 4 - Concentration of Business Risk

During the fiscal year ended December 31, 2020, ASAI's cash account was insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Though ASAI may occasionally go over these limits, the cash balance was fully insured under FDIC at December 31, 2020.

ASAI's contributors are located primarily in the Arab States. During the fiscal year ended December 31, 2020, grants from the Arab Fund for Social and Economic Development (AFSED) comprised about 39% of total receipts. A decrease in funding from AFSED could have a significant impact on the operations of ASAI.

Note 5 – Funds on Deposit

The Organization has an agency relationship with an organization in Lebanon. The agency relationship is to facilitate the receipt of donations from donors in the Middle East, as well as disbursing funds for scholarships/grants for students in the Middle East. As of December 31, 2020, the balance held by the agent was \$0.

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Notes to the Financial Statements
December 31, 2020

Note 6 – Contingency

In a prior year the board approved the Company to make two investments in Lebanon, one in a company which is owned by an individual that was a board member at the time of the transaction. The other, was transferred to ASAI Lebanon, an official registration with the Ministry of Social Affairs, and is still supervised by said former board member. Due to the circumstances surrounding the structure of the transactions, they may be construed as a significant diversion of funds and/or an excess benefit transaction by the I.R.S. The ramifications of such transactions could potentially result in the loss of the Company's exempt status. The Company has engaged consultants regarding these matters and as of March 12, 2021, the outcome of their analysis of the transaction and its impact on the organization is still under study.

Note 7 – Subsequent Events

Subsequent events were evaluated through March 12, 2021, which is the date financial statements were available to be issued.