

FAJR SCIENTIFIC

FINANCIAL STATEMENTS

December 31, 2023

abip

CPAs | ADVISORS

CLIENT **FOCUSED**. RELATIONSHIP **DRIVEN**.

FAJR SCIENTIFIC
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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors
FAJR Scientific

Opinion

We have audited the accompanying financial statements of **FAJR Scientific** (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, 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 ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

ABIP, PC

Houston, Texas
October 15, 2024

FAJR SCIENTIFIC
STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

ASSETS:	
Cash and cash equivalents	\$ 1,450,273
Medical supplies	<u>20,682</u>
TOTAL ASSETS	<u>\$ 1,470,955</u>

LIABILITIES AND NET ASSETS

LIABILITIES:	\$ -
NET ASSETS:	
Without donor restrictions	<u>1,470,955</u>
TOTAL NET ASSETS	<u>\$ 1,470,955</u>

The accompanying notes are an integral part of these financial statements.

FAJR SCIENTIFIC

STATEMENT OF ACTIVITIES

For the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS:			
Revenue and support:			
Contributions	\$ 1,864,947	\$ -	\$ 1,864,947
In-kind contributions	1,201,400	-	1,201,400
Other income	246	-	246
Total revenue and support	3,066,593	-	3,066,593
Expenses:			
Programs	1,647,063	-	1,647,063
Management and general	20,901	-	20,901
Fundraising	22,478	-	22,478
Total expenses	1,690,442	-	1,690,442
Revenues and support over expenses	1,376,151	-	1,376,151
Net assets released	-	-	-
CHANGES IN NET ASSETS	1,376,151	-	1,376,151
NET ASSETS, beginning of year	94,804	-	94,804
NET ASSETS, end of year	\$ 1,470,955	\$ -	\$ 1,470,955

The accompanying notes are an integral part of these financial statements.

FAJR SCIENTIFIC

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2023

Description	Program Services	Management and General	Fundraising	Total
Accounting	\$ -	\$ 15,976	\$ -	\$ 15,976
Advertising	-	-	9,663	9,663
Contract labor	11,608	-	-	11,608
Donated medical supplies	110,289	-	-	110,289
Donated professional medical services	1,070,429	-	-	1,070,429
Dues & subscriptions	-	2,757	-	2,757
Medical supplies	345,322	-	-	345,322
Medical volunteer travel costs	94,713	-	-	94,713
Merchant fees	-	-	4,838	4,838
Other	1,064	2,168	-	3,232
Printing	-	-	7,977	7,977
Shipping, freight & delivery	12,438	-	-	12,438
Storage unit rent	1,200	-	-	1,200
Total expenses	<u>\$ 1,647,063</u>	<u>\$ 20,901</u>	<u>\$ 22,478</u>	<u>\$ 1,690,442</u>
Percentage of total expenses	98%	1%	1%	100%

The accompanying notes are an integral part of these financial statements.

FAJR SCIENTIFIC

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	\$ 1,376,151
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Medical supplies	<u>(20,682)</u>
Net cash provided by operating activities	<u>1,355,469</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,355,469
CASH AND CASH EQUIVALENTS, beginning of year	<u>94,804</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,450,273</u>

The accompanying notes are an integral part of these financial statements.

FAJR SCIENTIFIC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(1) Operations and summary of significant accounting policies

Nature of operations

FAJR Scientific (the “Organization”) is a nonprofit organization established to provide orthopedic surgery globally to individuals affected by musculoskeletal diseases. The Organization aims to improve the quality of life for those suffering from musculoskeletal conditions by offering assistance, education, and research in the field of orthopedic surgery. Support for the organization is provided primarily through donor contributions and volunteer services.

Basis of presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as codified by the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification (“ASC”).

Cash and cash equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments and other similar short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of credit risk

The Organization manages concentration deposit risk by placing cash with financial institutions believed by management to be creditworthy. At times amounts may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2023 and 2022, the Organization had approximately \$1,200,000 in excess of FDIC insurance limits.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

FAJR SCIENTIFIC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(1) Operations and summary of significant accounting policies (continued)

Revenue and revenue recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no unrecognized conditional contributions as of December 31, 2023.

Donated services and in-kind contributions

Contributed nonfinancial assets include donated medical supplies and professional and surgical services which are recorded at the respective fair values of the goods or services received (Note 3). The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP. Contributed goods are recorded at fair value at the date of donation, and contributed services are recorded at fair value at the time or as the services are provided.

Medical supplies

Balance comprises of donated medical supplies from one organization received near year-end for use in future mission trips. Medical supplies received are recorded at the estimated fair value provided by the donor.

Advertising costs

Advertising costs are expensed as incurred and were \$9,663 for the year ended December 31, 2023.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income taxes

The Organization is organized as a Michigan nonprofit corporation and has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(1) Operations and summary of significant accounting policies (continued)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Areas where accounting estimates are made by management include:

- Allocation of expenses by function
- Donation of materials and services

Subsequent events

The Organization has evaluated all events or transactions that occurred after December 31, 2023 and through October 15, 2024, the date financial statements were available to be issued. No events have occurred that would have a material effect on the financial statements.

(2) Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise of cash and cash equivalents of \$1,450,273.

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(3) Donated professional services and materials

For the year ended December 31, 2023, contributed nonfinancial assets recognized within the statement of activities included the following:

Medical supplies	\$ 130,971
Professional medical services	<u>1,070,429</u>
	<u>\$ 1,201,400</u>

Contributed medical supplies are recognized at fair value using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution.

Contributed medical services are provided by surgeons who perform various medical procedures while volunteering on mission trips. Contributed medical services are used for program activities and are valued using a multi-faceted approach incorporating: 1) opportunity cost analysis, 2) valuation of volunteered services, 3) accounting for indirect benefits, and 4) logistical and operational costs. This approach considers the various factors that contribute to the value of the surgeon’s volunteered services, the market value of the provided care, the indirect benefits, and the operational expenses. This system may be adapted based on the specific context, local regulations, and the unique circumstances of each mission trip and participating surgeon.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(4) Contingencies

Throughout the normal operational activities, the Organization may be identified in certain claims or lawsuits. The Organization is not aware of any claims or lawsuits as of December 31, 2023.

(5) Risks related to cyber security

The Organization has become increasingly dependent on digital technologies in many aspects of its operations and maintaining sufficient security measures to prevent breaches is a priority. A successful security breach has the potential to adversely impact operations and the Organization's financial condition, as well as impair the Organization's reputation. As cyber threats continue to evolve and increase in sophistication, the Organization may be required to dedicate additional resources to enhance security measures, investigate vulnerabilities or remediate cyberattacks.