THE HADHRAMOUT FOUNDATION

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

THE HADHRAMOUT FOUNDATION

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DECEMBER 31, 2023 AND 2022

VENMAN

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INDEPENDENT AUDITOR'S REPORT

November 7, 2024

Board of Directors
The Hadhramout Foundation
1771 Post Road East #314
Westport, CT 06880

Opinion

We have audited the accompanying financial statements of The Hadhramout Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Hadhramout Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Hadhramout Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 accounting principles generally accepted in the United States of America, 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 Hadhramout Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards, 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 Hadhramout Foundation'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 Hadhramout Foundation'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.

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THE HADHRAMOUT FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	December 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash	$142,605	$202,353
Total current assets	142,605	202,353
Fixed assets		
Furniture, fixtures, and equipment	8,032	4,097
Less accumulated depreciation	2,783	1,898
Fixed assets, net	5,249	2,199
TOTAL ASSETS	$ 147,854	$ 204,552
LIABILITIES & NET ASSETS		
Liabilities - accrued expenses	$ 21,750	$ -
Net assets without donor restrictions	126,104	204,552
Total net assets	126,104	204,552
TOTAL LIABILITIES AND NET ASSETS	$ 147,854	$ 204,552

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

THE HADHRAMOUT FOUNDATION

STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and revenue		
Donations - Board members	$2,826,000	$1,845,000
Donations - Individuals	10,620	30,021
In-kind - Contributions	5,333	5,333
Grants and donations - Corporations	-	100,000
Total revenue	2,841,953	1,980,354
Expenses		
Program services	2,805,772	1,739,757
Management and general	114,629	47,035
Total expenses	2,920,401	1,786,792
Change in net assets	(78,448)	193,562
Net assets at beginning of year	204,552	10,990
NET ASSETS AT END OF YEAR	$ 126,104	$ 204,552

THE HADHRAMOUT FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Total
Grants to Hadhramout Establishment for Human Development	$2,752,079	$ -	$2,752,079
Salaries - staff	-	12,790	12,790
Payroll taxes	-	1,337	1,337
Bank fees	-	4,157	4,157
Dues and subscriptions	-	99	99
Board expenses	-	37,781	37,781
Depreciation	-	885	885
Licenses and permits	-	100	100
Rent expense	-	5,333	5,333
Accounting fees	-	51,569	51,569
Legal fees	53,693	-	53,693
Software	-	353	353
Office Supplies	-	225	225
Total expenses by function	$2,805,772	$ 114,629	$2,920,401

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

THE HADHRAMOUT FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Total
Grants to Hadhramout Establishment for Human Development	$ 1,723,678	$ -	$ 1,723,678
Salaries - staff	-	-	-
Payroll taxes	-	-	-
Bank fees	-	3,860	3,860
Dues and subscriptions	-	1,308	1,308
Board expenses	-	27,413	27,413
Depreciation	-	819	819
Licenses and permits	-	50	50
Rent expense	-	5,333	5,333
Accounting fees	-	7,835	7,835
Legal fees	16,079	-	16,079
Software	-	219	219
Telecommunications	-	24	24
Office Supplies	-	174	174
Total expenses by function	$ 1,739,757	$ 47,035	$ 1,786,792

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

THE HADHRAMOUT FOUNDATION

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2023	2022
Operating activities		
Change in net assets	$ (78,448)	$ 193,562
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	885	819
Changes in assets and liabilities		
Accrued expenses	21,750	-
Net cash provided (used) by operating activities	(55,813)	194,381
Cash used by investing activity		
Purchase of property and equipment	(3,935)	-
Net change in cash for the year	(59,748)	194,381
Cash at beginning of year	202,353	7,972
CASH AT END OF YEAR	$ 142,605	$ 202,353

NOTE 1. NATURE OF THE ORGANIZATION

The Hadhramout Foundation (the "Foundation") was incorporated in 2018 as a not-for-profit organization under the Nonstock Corporation Act of the State of Connecticut. In 2023, the Foundation's public charity status was converted to a tax-exempt private foundation.

The Foundation empowers the youth of Yemen through education to become a source of positive change in their country, hoping to make the world a better place. By improving these opportunities, the Foundation believes that it can improve living conditions as well as employment opportunities in Hadhramout and Yemen at large.

The Foundation's revenues consist primarily of contributions from a single board member who also is the chairman of the board. The Foundation's Board of Directors are committed to funding the Foundation in the early years of the Foundation until alternate funding is secured to support the Foundation's operations and mission.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in the following net asset categories:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and may be spent at the discretion of the Board of Directors

Net Assets With Donor Restrictions – Net assets subject to donor-imposed 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 Foundation has no net assets with donor restrictions as of December 31, 2023 and 2022.

REVENUE AND REVENUE RECOGNITION

Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTIONS

Contributions restricted by donors are recorded as increases in net assets without donor restrictions if the restrictions expire 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 statements of activities as net assets released from restrictions. The Foundation's policy is to present net assets with donor restrictions received during the year whose restrictions are met during the same year as net assets without donor restrictions.

CONTRIBUTED SERVICES AND IN-KIND CONTRIBUTIONS

The Foundation recognizes donated services if they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation. Individuals volunteer their time as officers, board or committee members in order to provide grant assistance to program participants; however, such donated services have not been quantified and reflected in the financial statements since they do not meet the criteria for recognition.

The Foundation reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations about how long those assets must be maintained, the Foundation reports expirations of donor restrictions when the assets are placed in service.

In-kind contributions meeting the criteria for recognition are recorded as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Amounts recognized in the statement of activities		
Rent	$ 5,333	$ 5,333

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost; donated property is recorded at the estimated fair value on date received. Depreciation is being provided for by the straight-line method over the estimated useful lives of the assets. Expenditures in the nature of normal repairs and maintenance are charged to operations as incurred.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

FUNCTIONAL CLASSIFICATION OF EXPENSES

The costs of providing programs and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain categories of expenses are attributable to more than one program or function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

USE OF ESTIMATES

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

NOTE 3. TAX STATUS

The Foundation is exempt from federal income taxes under Section 501(c)(3) and is classified as a private foundation under Section 509(a) of the Internal Revenue Code. The Foundation evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. The Foundation does not believe it has taken any position that would require the recording of any tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

The Foundation is subject to federal and state tax examinations by taxing authorities for years for which the applicable statutes of limitations have not expired.

NOTE 4. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consist of the following as of December 31, 2023 and 2022:

	2023	2022
Cash	$ 142,605	$ 202,353
Total financial assets available within one year	$ 142,605	$ 202,353

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation typically operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Foundation's cash for the December 31, 2023 and 2022 fiscal years. Additionally, members of the Foundation's board of directors are committed to funding the Foundation during its initial years of operations until alternate funding can be obtained.

NOTE 5. REVENUE CONCENTRATION

For the years ended December 31, 2023 and 2022, contributions from a board member accounted for 99.44% and 93.39% of the Foundation's total revenues.

NOTE 6. COMMITMENTS

The Hadhramout Establishment for Human Development (HEHD) is a nonprofit organization based in Yemen. Throughout the year, the Foundation made grants to HEHD to support HEHD's scholarship program which provides support to Yemeni students as they pursue higher education in the United States and Canada. During the years ended December 31, 2023 and 2022, the Foundation made $2,752,079 and $1,723,678 of grant payments in satisfaction of its grants to HEHD supporting the HEHD scholarship program by making payments to colleges in the United States and Canada benefitting the scholarship recipients selected by HEHD. HEHD provided the Foundation with a list of students that were selected for scholarships during the year along with the expenses that were needed to support each student. As of December 31, 2023 there are 68 students with signed agreements with HEHD, that the Foundation has agreed to support in future years. The estimated future commitments cannot be reasonably estimated at this time. No liability has been recorded as of December 31, 2023 for these future commitments, as the students must remain in school and in good standing order to continue to receive funding from the Foundation.

NOTE 7. RECLASSIFICATIONS

Certain items in the prior year financial statements have been reclassified to conform to the current year's presentation. The reclassifications had no effect on previously reported net assets.

NOTE 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 7, 2024, the date that the financial statements were available for issue.