



ZAKAT
FOUNDATION
of AMERICA

Fostering Charitable Giving for Those in Need

2009 ANNUAL REPORT



2009 FINANCIAL STATEMENT

We are proud of Zakat Foundation's efficient use of your contributions!

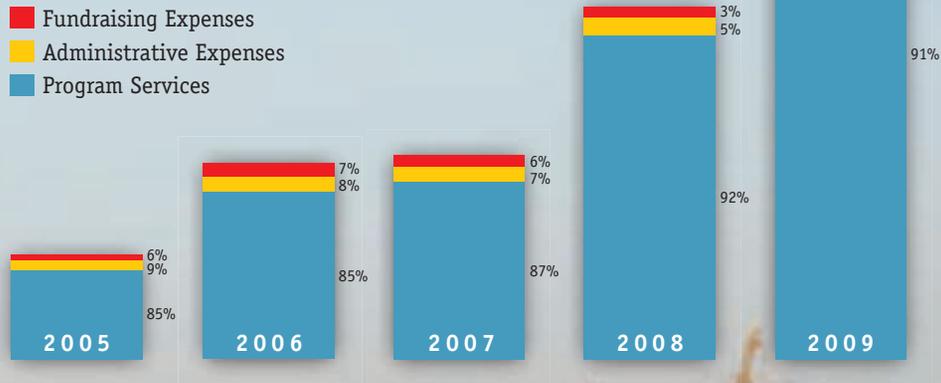
As stewards of your zakat, sadaqa, and generous donations, it is our responsibility to use every dollar wisely.

Last year, 91 cents of every dollar you gave went directly to our programs.



EXPENDITURE CHART 2005 - 2009

The last 2 years have seen **over 90 percent of our expenditures** directed to program services. By keeping our administrative and fundraising costs low we have been able to consistently direct over 85 percent of our expenditures to program services **every year since 2005**. With the help of Allah, and the generous support of our donors and volunteers, Zakat Foundation has been able to provide consistent relief and development efforts for those who need it most.



"[We] would like to extend our warmest wishes and appreciation for giving us the opportunity to help make a difference by contributing to the Afghan School Project. We hope and pray that all *dua*, prayers and efforts of the children and contributors are answered. Ameen."
-Sahena Dakri, VP of Finance, Students for World Literacy, October 2008



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Zakat Foundation has earned Charity Navigator's highest four star rating since 2008. Ken Berger, Executive Director of Charity Navigator, America's premier independent charity evaluator, states "The Zakat Foundation of America executes its mission in a fiscally responsible way, and outperforms most other charities in America. This exceptional designation from Charity Navigator differentiates Zakat Foundation of America from its peers and demonstrates to the public it is worthy of their trust." Charity Navigator free charity ratings can be found on the web at www.charitynavigator.org

For information about our organization or for questions about how you can support the efforts described in this annual report, please contact us:

Zakat Foundation of America, P.O. Box 639, Worth, IL 60482
Phone: 708-233-0555, Fax: 708-233-0339, Toll Free: 1-888-ZAKAT-US, info@zakat.org, www.zakat.org
As a 501(c) (3) Non-Profit Organization, all of your donations are U.S. Tax Exempt. ID#: 36-4476244

ABOUT US

Zakat Foundation of America is an international charity that helps generous and caring people reach out to those in need. Our goal is to feed, clothe, and alleviate the suffering of the poorest people worldwide with the Zakat and Sadaqah dollars of privileged Muslims and the support of all generous donors.

We believe that those whom God has granted wealth need to cleanse that wealth through charity, and those whom God has tried with loss are accorded a rightful share from the resources of the affluent.

Mission

Zakat Foundation fosters charitable giving to alleviate the immediate needs of the poorest communities and to support education and long-term development projects that ensure individual and community growth.

Zakat Foundation accomplishes its mission by:

- > Bringing immediate relief during and after disasters, building and supporting schools, orphanages and health clinics, supporting community development programs and micro-credit, providing Ramadan Iftars and food distribution, fresh meat through Udhiya/Qurbani distribution and Aqeeqah;
- > Serving as a trusted Zakat and Sadaqah resource center for our Muslim donors;
- > Serving as a trusted charity option for all donors through financial transparency and strict standards of efficiency and accountability;
- > Minimizing expenses by maintaining a small administrative staff;
- > Maximizing donations by establishing strategic partnerships.

"Your continuous generosity enabled us to...conduct Imam workshops around Lawful Practices in Today's Professional Arena which was attended by more than 80 imams from across the nation."
—Assembly of Muslim Jurists of America (AMJA), January 2009

FROM THE DIRECTOR



> "Zakat Foundation is a pioneer in toppling poverty in Africa and elsewhere," says Anti-Apartheid Activist Ahmed Kathrada, keynote speaker at ZF's first Solidarity Banquet in May 2009. More than \$70,000 was raised for ZF's programs.

Dear Brothers, Sisters, and Friends,
Assalamu alaykum, Peace and blessing be Upon You

Prophet Muhammad, peace be upon him, is reported to have said, "He is a loser, the one whose days are equal," addressing the one who does not change his or her condition—does not evolve—spiritually, economically, and socially. With this in our minds and hearts, Zakat Foundation works harder every year to improve ourselves. We strive to improve our relationship to our Lord, our services for our donors and our programs to those in need.

Alhamdulillah, during 2009, Zakat Foundation has grown 90% in comparison to the previous year. In the difficult global economic situation—and while other organizations have been losing support—Zakat Foundation continues to grow with the Help of Allah (swt) and the trust of our beloved donors who care about their fellow Muslims and others who struggle everyday. We cannot thank you enough for your support, may Allah (swt) reward you.

We have delivered emergency relief where needed most—to those under siege in Gaza, to war-torn Afghanistan, Somalia and Pakistan, and to those suffering from natural disasters in Bangladesh, India and Indonesia. While providing emergency relief, we have to keep in mind that sustainable development is a permanent solution to hunger, poverty, and misery. We will, inshaAllah, continue to seek long-term solutions for chronic problems.

With the Help of Allah (swt), Zakat Foundation has been a pioneer in Sadaqa Jariyah—an Islamic charitable tradition in which donors contribute to the creation or support of a service that will continue to benefit people over time. This not only ensures long-term benefits for those who receive it, but also perpetual rewards for those who support it, long after the donor passes away. We encourage our brothers and sisters to invest in the Akhirah—the Hereafter—by giving in perpetual charity. Alhamdulillah, many of you have responded to this call!

I know that you have a choice to make when considering giving charity, and you have chosen Zakat Foundation. We ask Allah (swt) to reward you!

Wassalam,

Khalil Demir, Executive Director

Standing by the People of Gaza



Zakat Foundation has been on the ground in Gaza and the West Bank since 2002, providing emergency food and medical aid to those suffering in the occupied territories. During the conflict in the winter of 2008-2009, Zakat Foundation intensified emergency relief efforts in the Gaza Strip. When news of the crisis broke, Zakat Foundation immediately arranged for swift relief efforts, including food aid, medical supplies and medicine, to be distributed in

collaboration with local and international partners. More than \$500,000 worth of food aid and medicine was delivered to distribution centers and hospitals in severely affected areas. Zakat Foundation established mobile clinics to reach those trapped in crushed buildings. Months after the bombs stopped falling, our relief and development activities continue to benefit the people of the Gaza Strip.



Easing the Pain in Swat Valley, Pakistan



Zakat Foundation and its partner in Pakistan have contributed to the establishment and maintenance of Camp Jalalah, a refugee camp that provides shelter and services to more than 2,000 refugees who have fled from the intense fighting in Pakistan's Northwest Frontier Province of Swat Valley. While the military conflict has kept men, women and children from their homes and livelihoods, Zakat Foundation and its partners have instituted services to

provide comfort and stability during this difficult conflict. Thousands of internally displaced persons (IDPs) have benefited from food, healthcare, and education services provided in the camp, as well as from IDP registration and vocational training organized and implemented by Zakat Foundation.



Providing Food for Survivors of Floods in Gambia

During the Month of Ramadan, the West African nation of Gambia experienced some of the heaviest rainfall in two years. The borders of this small African nation follow the meandering Gambia River and its tributaries. Flash floods roared through villages and towns when rivers overflowed in Basse, Janjanbureh and Mansakonko, destroying farmland and carrying away livestock. Zakat Foundation offered emergency food packages and clean drinking water to the victims of the flood.



EMERGENCY RELIEF

Helping the Victims of India's Worst Floods in a Century



In the fall of 2009, Southern India was hit by some of the worst floods the country has experienced in almost a century. More than 300 people died and over 2.5 million were left homeless as floodwaters submerged farmland and towns, causing billions of dollars of damage. Millions of people are still crammed into government temporary housing. At the onset of the flood, aid workers reported that there was an acute lack of food, water and sanitation in the shelters. As part of our Emergency Relief response to the floods in India, Zakat Foundation's local partners are distributing food packages, hygiene packages and medicine for the survivors of the flood.



More than 200,000 Benefit During the Blessed Month of Ramadan

Zakat Foundation's donors proved that despite the grim global economic atmosphere, Ramadan is a month to intensify deeds and give generously to the needy. During our Ramadan 2009 campaign, more than 200,000 impoverished men, women, and children in 30 countries benefited from hot iftar-dinners, non-perishable food packages, Fitrah distribution and Eid Gifts. Even with ever-rising food prices, Zakat Foundation is dedicated to providing the best quality food to beneficiaries and our supporters have helped us reach some of the poorest communities in the world.



"Alhamdulillah, this is the first time in Hubli City that this type of Eid Gift distribution happened for orphans and the poor and needy. The children especially have conveyed their gratitude to the humble donors of Zakat Foundation."

—Farida Khan, Affus Woman Welfare Association (AWWA), Hubli, North Karnataka, India, September 2009



Sharing the Joys of Eid with Those in Need

As rain fell on those at Hajj during the final rites of the pilgrimage, drops of mercy fell on tens of thousands of families around the world on the blessed days of Eid ul-Adha. Zakat Foundation distributed fresh meat to impoverished families in Somalia, widows and orphans in the Gaza Strip, and needy communities in other desperate areas in over 30 countries around the globe. In these hard times, poor and needy men, women and children felt the joys of the holiday as they enjoyed the Feast of Sacrifice with their loved ones.





> Below: Dr. Mohamed Abdo (center with badge) with village elders at the Masjid Noor opening ceremony in the Buchekun village, Senegal.



Building Sanctuaries in Buchekun Village, Senegal

The Muslim population of the southern Casamance Region of Senegal appealed for Zakat Foundation to construct a mosque in the Buchekun village. Despite being on the land of a once great Islamic civilization, Buchekun did not have an official mosque to perform congregational prayers and community services for

the more than 5,000 Muslims in and around the village. Those faithful intent on praying the Friday prayer in congregation would journey more than 20 miles—on bike and by foot—to the nearest mosque. Masjid Noor was established in Buchekun on behalf of our donors to grant perpetual reward to a loved one who had passed away.

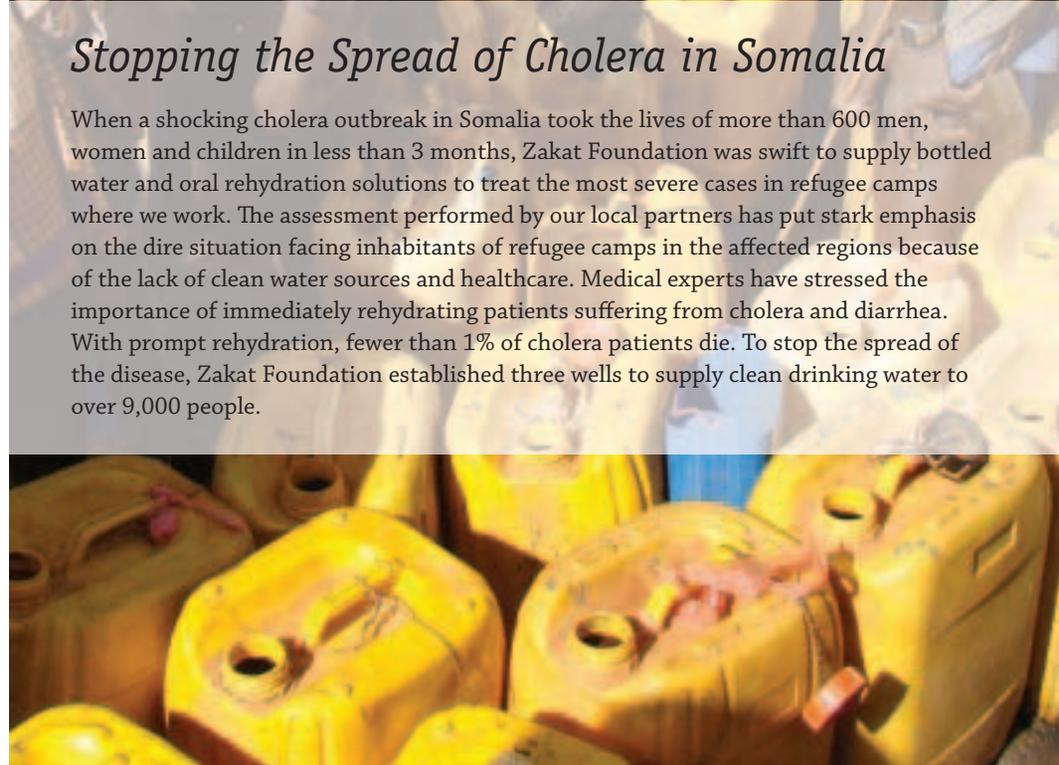
“The sheer emotion and realization that the community would finally have a mosque to pray in was overwhelming. Men and women were crying out of joy and thankfulness.”

—*Dr. Mohamed Abdo, Zakat Foundation Representative in Africa*



Stopping the Spread of Cholera in Somalia

When a shocking cholera outbreak in Somalia took the lives of more than 600 men, women and children in less than 3 months, Zakat Foundation was swift to supply bottled water and oral rehydration solutions to treat the most severe cases in refugee camps where we work. The assessment performed by our local partners has put stark emphasis on the dire situation facing inhabitants of refugee camps in the affected regions because of the lack of clean water sources and healthcare. Medical experts have stressed the importance of immediately rehydrating patients suffering from cholera and diarrhea. With prompt rehydration, fewer than 1% of cholera patients die. To stop the spread of the disease, Zakat Foundation established three wells to supply clean drinking water to over 9,000 people.



ORPHAN/ORPHANAGE SPONSORSHIP

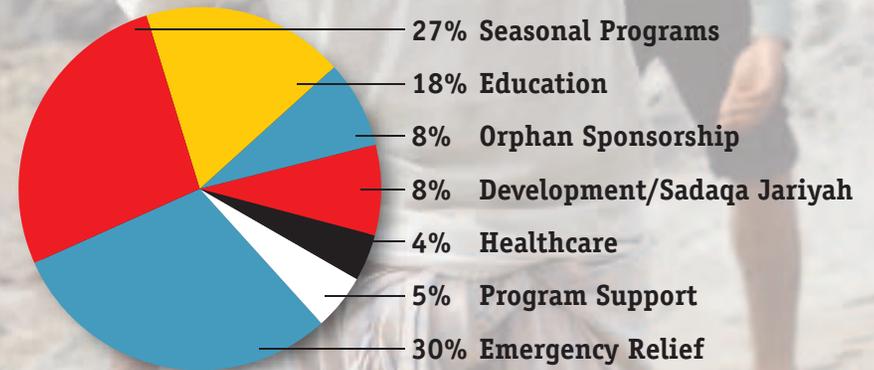


Muzibur Rahman: *New Hope for a Young Orphaned Boy*

Muzibur was 8 years old when his father suddenly contracted tuberculosis. Within a week, Muzibur and his six brothers and sisters were orphans. Their mother, a seamstress, began to look for more work outside the house. She struggled to supply shelter and food for her family. Sending her children to school, or to receive adequate healthcare, was a dream that seemed very far out of reach. Muzibur and his siblings had to work in factories and shops during the day to help their mother, leaving no time for school. Zakat Foundation's orphanage in Dhaka provided Muzibur and his brothers with a safe shelter, healthcare and the chance to receive a good education.

An orphanage is a cost-effective method of supporting several orphans at once. In sponsoring the establishment and/or maintenance of a Zakat Foundation-run orphanage, donors can ensure sustainable and comprehensive orphan-care.

2009 PROGRAM FUND ALLOCATION



"Thank you for the time you have dedicated to me...to guide me to attain a better future."
—Abukari Abudl-Somed, beneficiary of ZF's Education Program in Ghana, West Africa, April 2009



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Zakat Foundation of America

We have audited the accompanying statements of financial position of The Zakat Foundation of America (a not-for-profit organization) as of June 30, 2009 and 2008 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of The Zakat Foundation of America's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 The Zakat Foundation of America as of June 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Knutte & Associates, P.C.

October 29, 2009

**THE ZAKAT FOUNDATION OF AMERICA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

| | UNRESTRICTED | TEMPORARILY RESTRICTED | PERMANENTLY RESTRICTED | TOTAL |
|------------------------------------------|-------------------|---------------------------|---------------------------|---------------------|
| PUBLIC SUPPORT AND REVENUES | | | | |
| Contributions | \$ 2,400,804 | \$ 0 | \$ 0 | \$ 2,400,804 |
| Donated Goods | 29,393 | 1,477,188 | 0 | 1,506,581 |
| Interest Income | 17 | 0 | 0 | 17 |
| TOTAL PUBLIC SUPPORT AND REVENUES | 2,430,214 | 1,477,188 | 0 | 3,907,402 |
| EXPENSES | | | | |
| Program Services | | | | |
| Emergency Aid | 682,055 | 0 | 0 | 682,055 |
| Seasonal Programs | 615,882 | 0 | 0 | 615,882 |
| Development-Education | 405,821 | 0 | 0 | 405,821 |
| Orphan Sponsorship | 188,953 | 0 | 0 | 188,953 |
| Development-Sadaqa Jariyah | 183,059 | 0 | 0 | 183,059 |
| Program Support | 104,125 | 0 | 0 | 104,125 |
| Development-Health Care | 95,151 | 0 | 0 | 95,151 |
| Total Program Services | 2,275,046 | 0 | 0 | 2,275,046 |
| Management and General | 136,535 | 0 | 0 | 136,535 |
| Fundraising | 86,478 | 0 | 0 | 86,478 |
| TOTAL EXPENSES | 2,498,059 | 0 | 0 | 2,498,059 |
| CHANGE IN NET ASSETS | (67,845) | 1,477,188 | 0 | 1,409,343 |
| NET ASSETS, | | | | |
| BEGINNING OF YEAR | 616,419 | 0 | 0 | 616,419 |
| END OF YEAR | \$ 548,574 | \$ 1,477,188 | \$ 0 | \$ 2,025,762 |

See Accompanying Notes To The Financial Statements.

Full audit reports are available upon request. Please call 1-888-ZAKAT-US or email us at info@zakat.org

COUNTRIES RECEIVING AID IN 2009



"I want to take the opportunity to thank you for your generous donation to our program and share with you the excitement of summer reading. With your help, we were able to provide programming and prizes for over 400 children this summer."

—Julie Soto, Head of Youth Services at Bridgeview Public Library, Bridgeview, IL, July 2009

"On behalf of CAIR-Chicago, I wish to express my thanks and appreciation for your support of our mission and goals. It would not be possible to carry out our work without your consent and generosity."

—Ahmed M. Rehab, Executive Director of CAIR-Chicago, December 2009



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