



A Home For Tayba Foundation

*Fundraising
Proposal*



TAYBA FOUNDATION
Freedom Through Education





**TAYBA FOUNDATION
NEEDS YOUR SUPPORT TO
PURCHASE A PERMANENT
OFFICE SPACE.**

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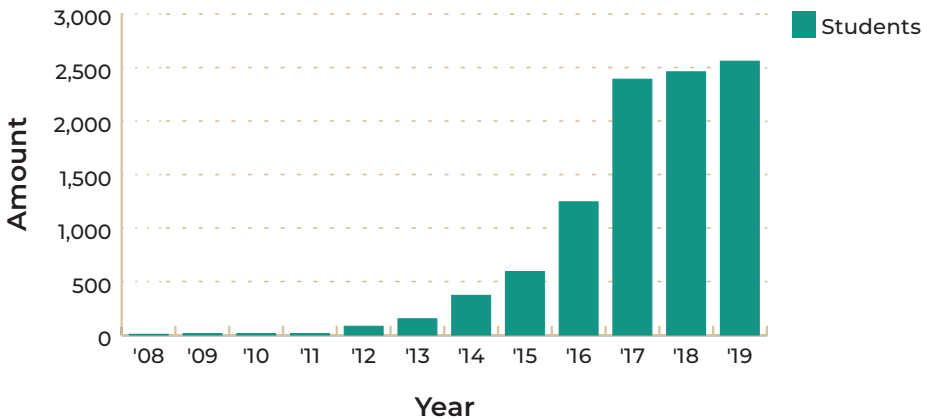
OVERVIEW

Since its incorporation in 2008, Tayba has touched and positively impacted the lives of over 6,000 incarcerated Muslims in the U.S. by providing Islamic education, life skills, and re-entry support geared toward character development and behavioral change.

Throughout our business operations, Tayba has efficiently utilized all of its resources, specifically financial resources, to make sure every dollar donated has had a maximum impact on the community that we serve. We pride ourselves on our ability to minimize financial resources such as office rent. After our incorporation, the Tayba Foundation didn't pay office rent for six years. Instead, we looked for alternative office space, such as donated spaces.

However, as word of Tayba's mission spread among the U.S. Muslim community and began to attract a constantly expanding donor base, Tayba's funding increased at an unprecedented rate. Thanks to the generosity of its donors, Tayba was able to dramatically improve its programming and increase the number of students it serves since 2014. Of course, this also required increases in staff numbers and office space to support this increased activity.

Number of Tayba Students

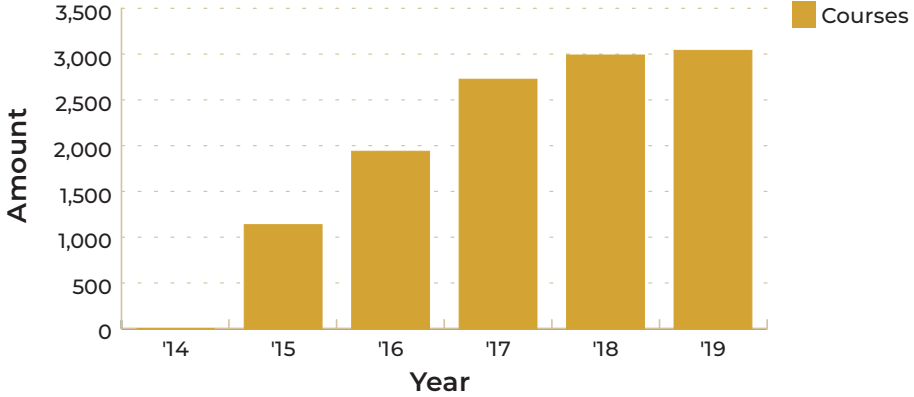


The table above shows the dramatic increase in our student population over the past 11 years.

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Number of Course Enrollment

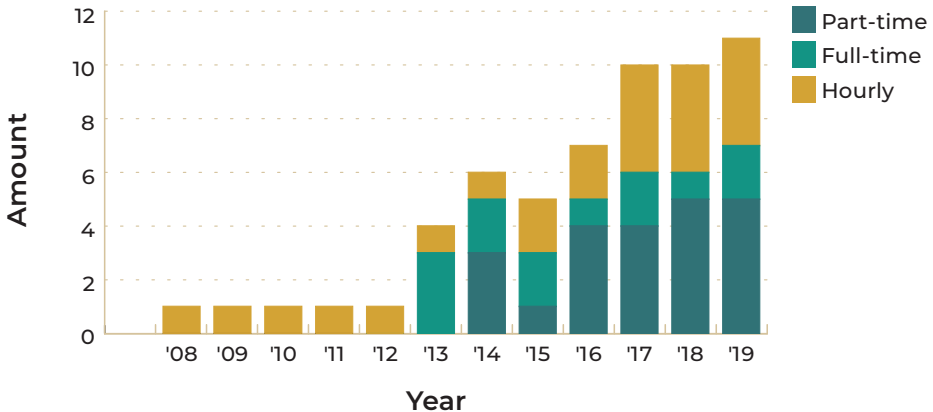


The table above shows the number of course (books) sent to our students over the past 5 years.

In 2014, Tayba secured a 1650 sq. ft. office space at an initial cost of \$1,700/month. Since 2014, the cost of this space increased to \$1,940/month and then up to \$2,517/month this year (a nearly 50% increase over five years); and Tayba’s staff numbers and programming continue to grow nearly exponentially.

Fortunately, Tayba Foundation has had the means to rent a 1650 sq ft office since 2014, providing Tayba Foundation with the necessary office space to accommodate its growth until now.

Number of Tayba Staff





THE DILEMMA

Since it first moved to the current office, Tayba Foundation's programs, student body, teaching, and administrative staff have all grown at an exponential rate.

The current office space (1650sq/ft) is simply too small for Tayba's needs. We believe that expansion to office space of approximately 2500sq/ft will allow the Tayba Foundation to run operations and programs efficiently, and this larger space will allow room for further predicted expansion.

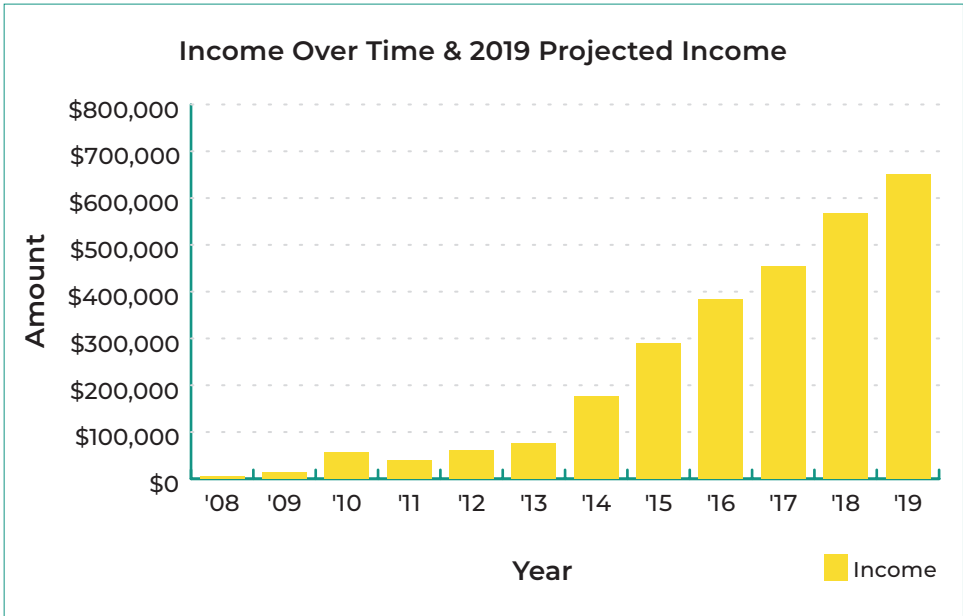
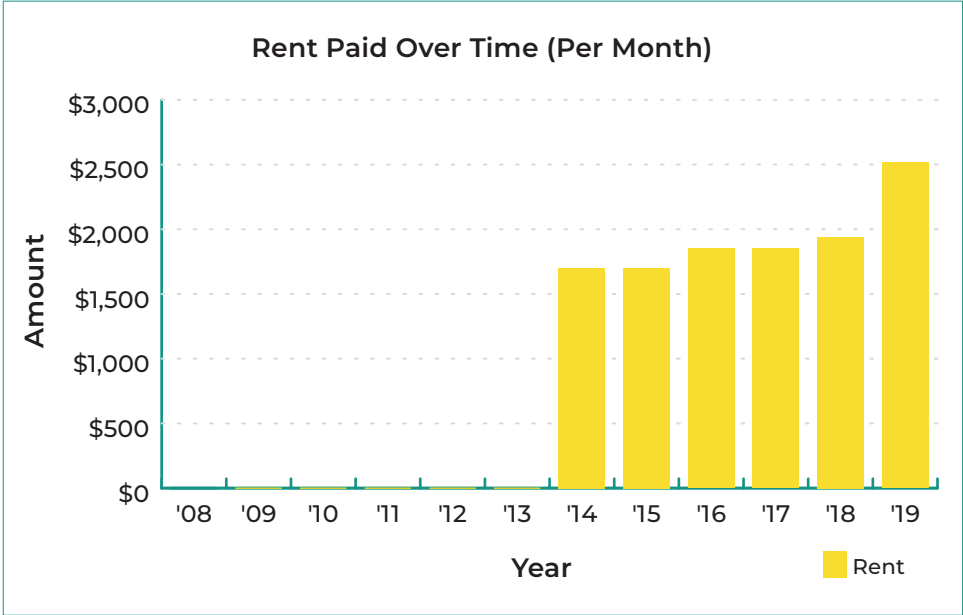
That's why early in 2019, Tayba approached the landlord about expanding its office to a vacant adjacent space (720sq/ft) that was rented for \$986/month previously. At this point we were advised and surprised that the additional space could be available to us for higher rent at \$1,259/month, and that our current office rent is set to increase by over 30% at the end of our lease (August 31, 2019) to \$2,532 instead of \$1,940 with an additional 5% annual increase thereafter.

The news of this large and unexpected rent increase compelled the whole team to evaluate the rental situation, and it has pushed us to look for more sustainable and predictable alternatives. Our directors met with our financial advisors and the accounting team to discuss alternatives.



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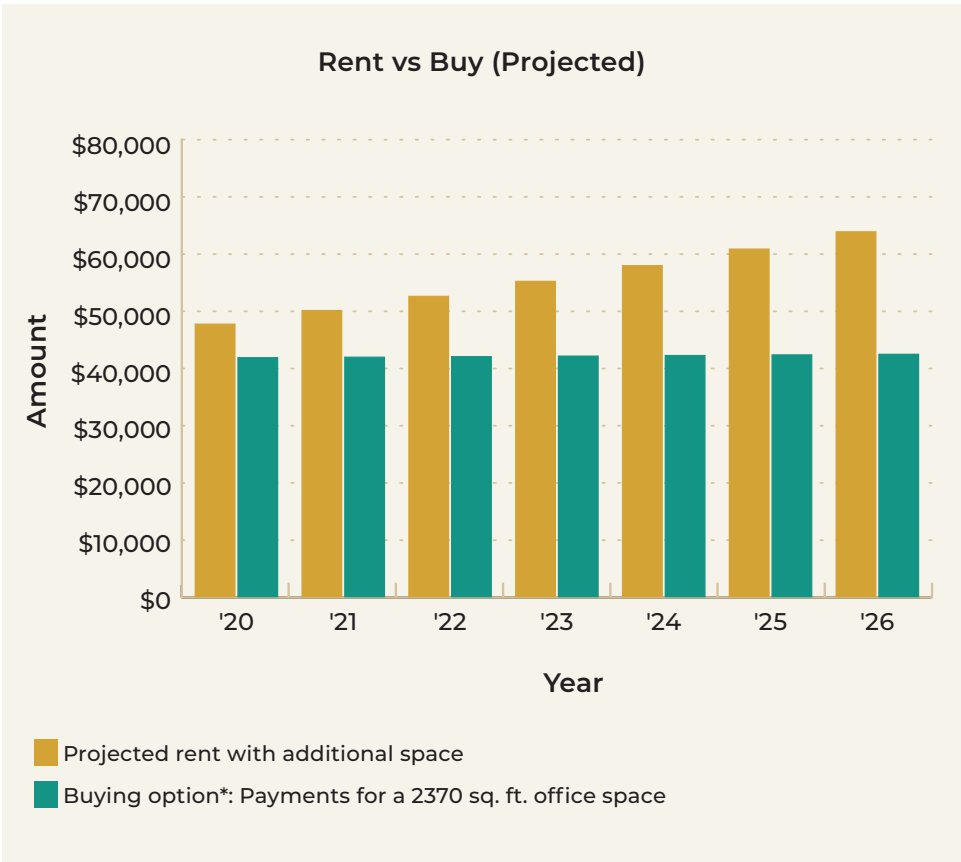




RENT OR BUY?

After evaluating several options, Tayba Foundation's financial advisors concluded that it would be in the long-term interest of the organization to purchase a property that could serve as the organization's head office. The purchase of a property would benefit the organization by providing a more predictable real estate expense and provide significant cost savings over time.

Assuming a 50% down payment, the annual occupancy costs for ownership would be approximately \$3,500 less in year one, with additional savings increases over time as rental rates continue to increase. Additionally, with a loan, Tayba would be able to build equity with each monthly payment.





Based on the numbers provided, within seven years, Tayba would be spending more in rent (\$388,092), than if it were to purchase a property (\$294,418) for a property of equal size (2,370sf). However, Tayba would need to raise enough funds to cover the 50% down payment.



PURCHASING THE PROPERTY WOULD:

- Save Tayba around \$93,674 as a result of the rent vs. buy comparison.
- Allow Tayba to build equity through property appreciation. Assuming approximately 3% annual appreciation, within seven years a \$900,000 property would attain a value of approximately \$1.1 million. This appreciation would result in close to \$200,000 of equity that Tayba will own as an asset.
- Allow Tayba to use monthly payments to pay down financing and build up equity ownership in the property. Each monthly payment to the Islamic lender will include repayment of principal so that the \$450,000 financing is paid off over 20 years. Within seven years, the amount to completely pay off the \$450,000 in financing will be \$382,000--which means that even if the property does not appreciate, Tayba's equity value in the property increases by \$68,000 (\$900,000 value less the \$382,000 owed to the Islamic bank).



MORE ADVANTAGES TAYBA WILL HAVE IN OWNING AN OFFICE:

- Tayba Foundation would be able to take advantage of the nonprofit exemption from property taxes. Tayba's current landlord does not qualify for this exemption, and the real estate tax is currently passed on from the landlord through rent. For a property valued at \$900,000 with current property tax rates, this exemption should result in approximately \$1,000 in monthly cost savings.
- Purchasing a property also helps Tayba accurately predict its long term occupancy rate as well as eliminate the chances of nonrenewal of a lease agreement
- Build up equity through repayment of financing and property appreciation, which is approximately 3% in the Bay Area.
- It allows better planning and budgeting because of the fix payments vs. variable payments (i.e., unpredictable rent increase and consequent fees)
- The benefits and savings of ownership increase over time as ownership payments stay relatively fixed compared to the cost of renting, and the property financing is paid off.

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WE ASK

TO START THE PROCESS OF SEARCH AND ACQUISITION, TAYBA WOULD NEED TO RAISE \$450,000 FOR A DOWN PAYMENT ON THE PROPERTY, THIS IS WHERE WE NEED YOUR SUPPORT.



After many rounds of discussions among members of the board of directors, executives, real estate specialists, and financial experts, Tayba Foundation has decided to pursue the option of purchasing a home office for the sustainability and good of the organization.

Tayba Foundation is asking for your support to raise the necessary funds to be able to start the journey of buying its Bay Area office, which would accommodate its staffing and growth needs. Additionally, your support will provide the benefit of financial stability which will help us to serve our target population more effectively.

In the East Bay Area, CA, where we plan to look for an office for Tayba, the cost to own is about \$360 per square foot. Ideally, we are looking at around 2500sq ft of office space to purchase, which will translate into approximately \$900,000. Sharia-compliant lenders for commercial buildings usually require at least a 40% down payment.

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Q & A:



SHOULDN'T DONATIONS BE SPENT ON PROGRAMMING OR OTHER EDUCATIONAL RESOURCES INSTEAD?

Tayba has reached a point where the projected growth of programming will not require additional real estate office space beyond 2,500 SF for the next 5-10 years. By purchasing a property to serve as a head office, this will provide long-term predictability in operating expenses and allow the organization to plan strategically for additional programming.



HOW IS TAYBA PLANNING TO FINANCE THE PURCHASE? IS THE FINANCING SHARIAH-COMPLIANT?

Tayba plans to finance the necessary down payment needed for the purchase via a combination of an interest-free loan from selected members of the community (Qarza Hassana) and other non-aZakat donations through online fundraising campaigns. The mortgage will be from an interest-free Shariah-compliant bank.



Q & A:



DOES TAYBA HAVE THE ABILITY TO PAY THE PROPOSED MORTGAGE PAYMENTS? WILL THIS PUT THE ORGANIZATION UNDER ANY FINANCIAL DIFFICULTY?

Yes. If 50% of the property is financed, the estimated monthly mortgage amount would be \$3,224 or 15% less than the proposed lease rate for the existing space plus 720 SF of expansion space. Moreover, the annual mortgage amount is less than 7% of the 2018 annual revenue.



HAS TAYBA EXPLORED OPTIONS FOR CHEAPER RENT?

Yes. Tayba has extensively researched renting options in the Bay Area with no avail. The rent increase we received from our current landlord (from \$1.17 to \$1.53 per SF) was merely an adjustment to the current market rate, which is around \$1.50 per sf in the Bay Area.



IS NOW A GOOD TIME TO PURCHASE A PROPERTY? SHOULD TAYBA WAIT UNTIL PROPERTY PRICES COME DOWN?

At current pricing levels, assuming Tayba stays in the new office for over seven years, ownership should provide substantial cost savings over renting. Also, the process of finding a suitable property will likely take several months. Therefore Tayba Foundation would like to be in a position to have the funds readily-accessible when a suitable property is available.

THANK YOU!

CONTRIBUTORS

MOUNIR RAFEEQ

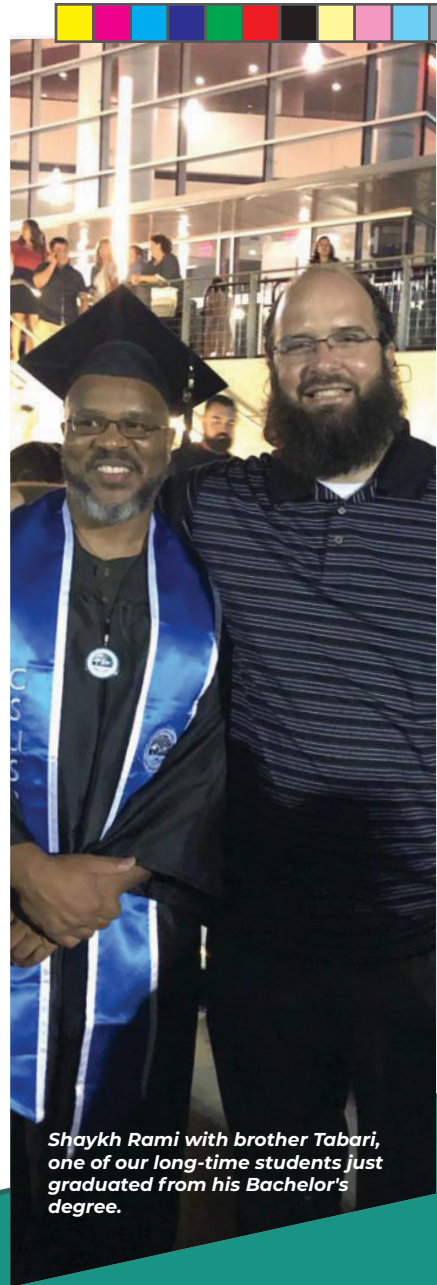
Mounir Rafeeq has over ten years of experience working in commercial real estate acquisitions and development. Since 2017, Mounir has been on the acquisitions team for AIG Global Real Estate where he evaluates investments and developments throughout the Western United States. Mounir previously held positions with Valstone Partners, Starwood Capital, and Arc Capital. Mounir received an undergraduate degree in business administration from the University of Michigan and an MBA from UCLA.

ZEESHAN QASSIM

Tayba's Financial Advisor & Senior Finance Manager at CrowdStrike

NABIL AFIFI

Business Development Director
Tayba foundation



Shaykh Rami with brother Tabari, one of our long-time students just graduated from his Bachelor's degree.

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