

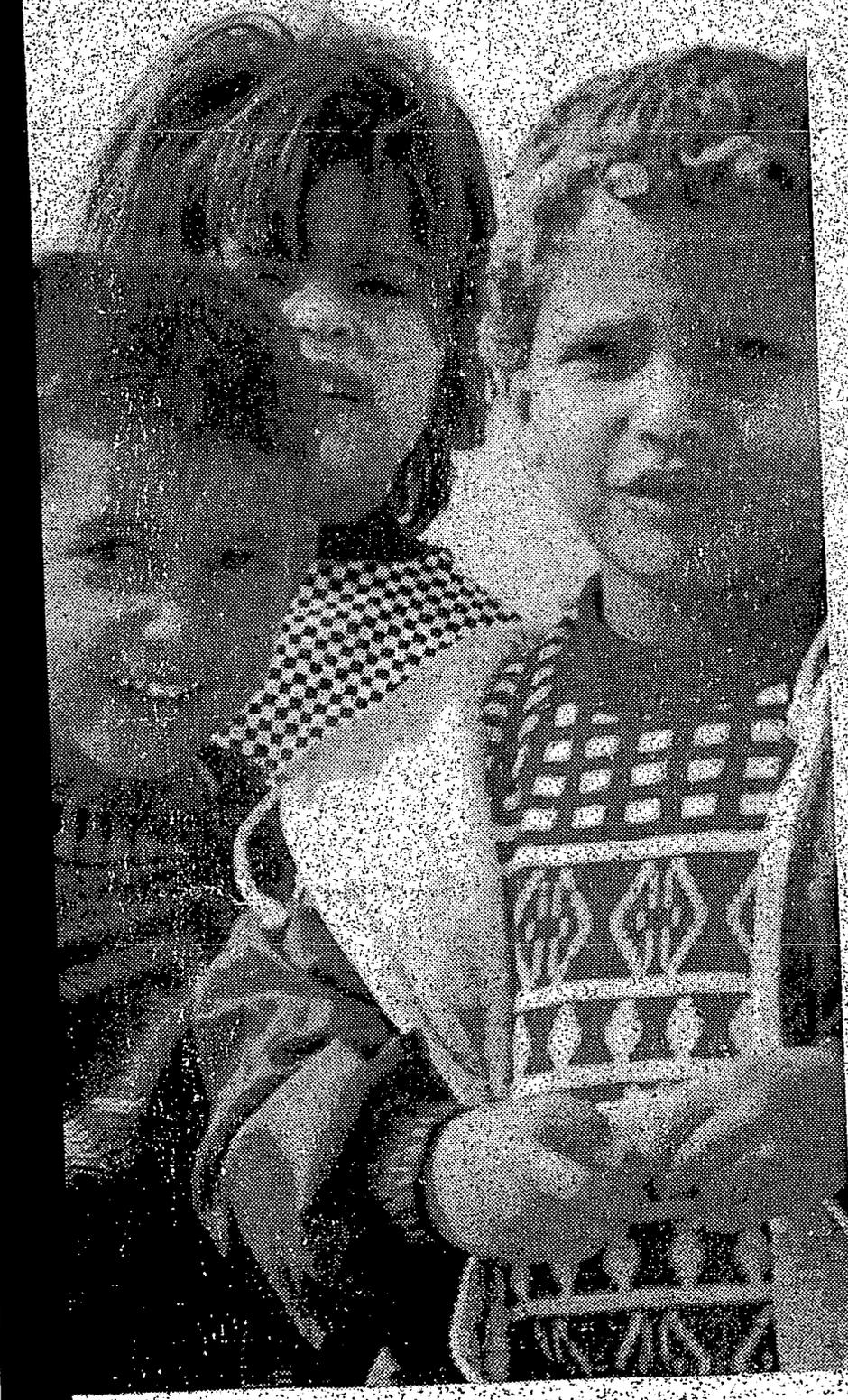
**DEFENDANTS '
EXHIBIT**

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HOLY LAND FOUNDATION
for Relief and Development



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A N N U A L
Report

HLDL210 000635

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HLF MISSION

STATEMENT

Our mission knows no color, nationality, or racial category. We are dedicated to helping our fellow humans with comprehensive humanitarian aid, through various programs directed towards the poor and underprivileged.



We are especially focused on the problems of the Palestinian refugees in the Holy Land. We believe that all people are created equal, and possess certain inalienable rights, which include the right to adequate shelter, food, health care, and education. The Holy Land Foundation is dedicated to finding practical solutions for human suffering through humanitarian programs in the areas of emergency relief, health care, social services, education, and community development.



MESSAGE FROM
THE CHIEF EXECUTIVE
OFFICER

Shukri Abu-Baker

We have been striving to help human kind with human kindness. From the narrow alleys of Gaza to the rocky mountains of the West Bank...from the refugee camps in Lebanon to the refugee camps in Sarajevo, Bosnia...We are making a difference, as the world takes notice of more human catastrophes.

We enter into the next millennium anticipating major breakthroughs in science and technology. We pray that we can reach out, sharing and caring for all! There is so much misery in this world...but there is a light at the end of the tunnel. There is hope.

We, at the Holy Land Foundation, have decided to travel through very difficult terrain. Through the generous donations of people like you, we are able to do many things...

We build hospitals and provide medical supplies and equipment. We build schools and provide scholarships and financial assistance to poor students. We sponsor thousands of orphans, needy families and children. The Holy Land Foundation has already spent over \$12 million in the international arena with an emphasis on the Palestinian dilemma.

The next few years are critical to HLF, because we're travelling fast and strong into the heart of human pain. We will not be able to continue pursuing our vision without your continued support. Let us not waste a precious moment. We will not relax until we get there!

Best wishes,

Shukri Abu-Bakr
Chief Executive Officer



MESSAGE FROM
THE CHAIRMAN

Mohammad El-Mezain

I hope to be finding you in good health and peace of mind. From its inception in 1989, the Holy Land Foundation for Relief and Development has touched, changed, and advanced the lives of more than one million poor men, women, and children. In 1997, we have made our mark. In fact, it was one of our most successful years to date.

It gives me great pleasure to present you with this annual report; from which you will be able to get an accurate picture of our accomplishments and creativity. Statistics and numbers are available for your reference. We believe that an informed donor is a giving donor, thus we have dedicated a great deal of energy and research into making this report as exact, informative, and, for that matter, enjoyable to read. In 1997, individual donors accounted for 51% of the Foundation's revenue.

As time moves on, more changes occur and humanitarian needs have to be met. We will build more libraries, sponsor more orphans, send more children to school, get more medical treatment to the sick, and develop more communities, as we approach the millennium.

For those who are longtime friends of the Foundation, this report will be an in-depth look into the programs and services you have helped us create. For those who are new friends, you will receive a comprehensive understanding of our charitable works.

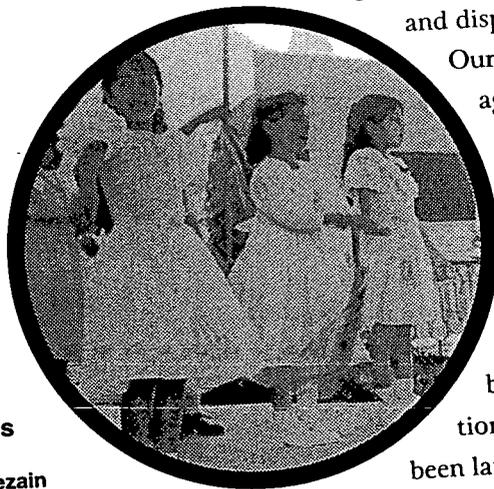
Yours truly,

Mohammed El-Mezain
Chairman of the Board



INTRODUCTION

Holy Land Foundation has made 1997 one of its best years to date. Caring for the needy, while trying to solve long term problems for those who are underprivileged, are only two of the driving forces behind our successful 1997 campaigns. We have seen an increase in funding and a renewed interest in the Palestinian plight. At the forefront of humanitarian aid, HLF continues to provide high quality services and aid to the poor and dispossessed in the Holy Land.



Our programs and relief packages are spread throughout the refugee camps of Lebanon, Jordan, and Palestine. The dilemma of Palestinian refugees has truly captured the attention of the world. We believe that the terrible conditions that these people face have

been largely ignored, and that we can make a difference. With the help of our donors and sponsors, we have made 1997 a prosperous year! The years to come will bring bigger accomplishments and positive changes, as we move on towards the next millenium.

Board Members

Mohammad El-Mezain
Chairmain

Gassan Elashi
Treasurer

Shukri Abu Bâker
Secretary

Dr. Ahmad Agha

Mace Abdullah

Dr. Ibrahim Abu Sarris

SOCIAL SERVICES

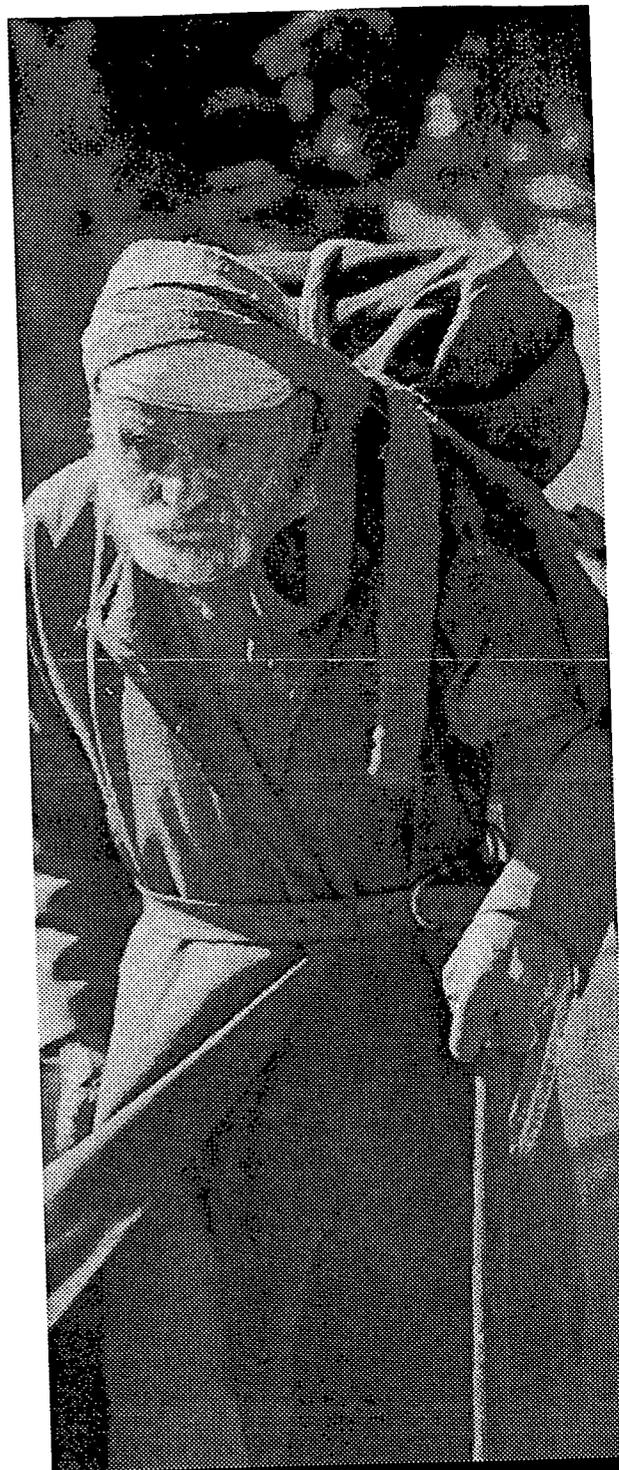
Because of historical, political, and racial conditions in regions around the world, the Palestinians have lived a troubled and painful existence. The Holy Land Foundation has made its goal to change the odds, and turn the tables for its fellow humans. Since 1948, Palestinians have been the subjects of many arguments and late-night conversations, although their actual reality is little known, and even more rarely seen.

- **ORPHAN SPONSORSHIP** aids more than 2000 children per month. This channel is used to create security and stability in an orphan's life.

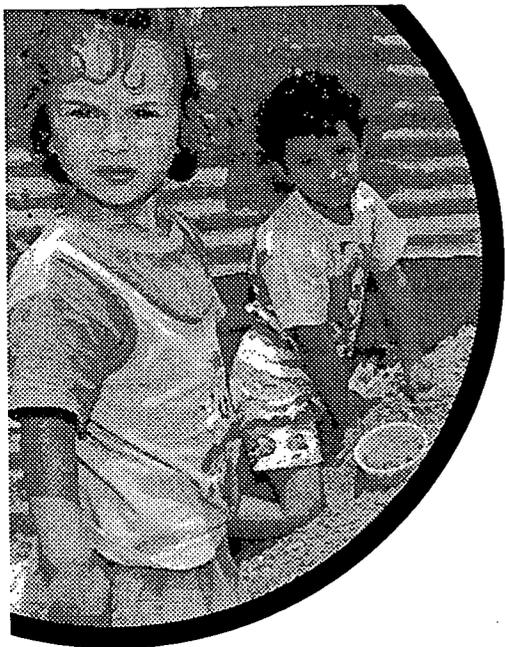
Orphans have been a central focus since the Foundation's inception. Today, Palestinian orphans benefit from our sponsors who come from all parts of the world. These children live in refugee camps and townships along the borders and within Lebanon, Jordan, Gaza, and the West Bank.

Donors can become sponsors for as little as \$50 per orphan, per month. As needed, orphans receive medical care, food packages, clothing, shelters, and psychological assistance and counseling to cope with the harsh reality that surrounds them. Additionally, we provide schooling, seminars, lectures, and special education to those who are mentally handicapped or in need of assistance. Picnics, Holiday (Eid) Festivals, and field trips to historical sites and museums are provided to the children to instill good social skills and self-esteem.

- **FAMILY AID** provides impoverished and traumatized families of the refugees with funds and material aid to rebuild their destroyed lives. This package is valued at

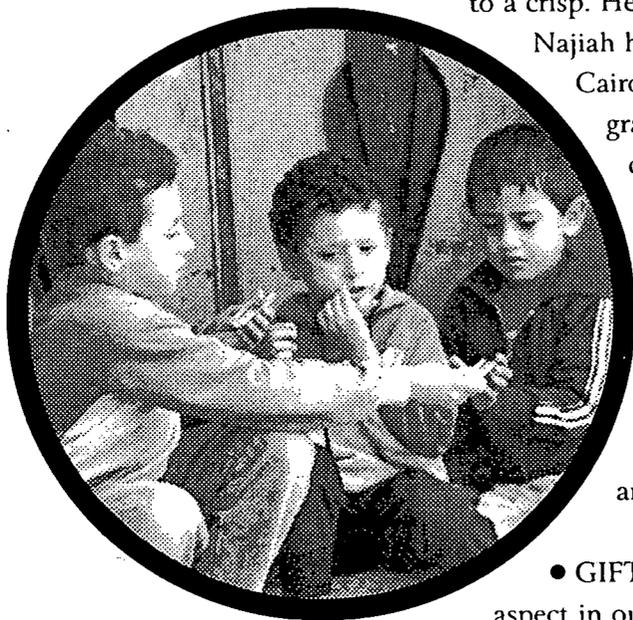


**HLF has made its
goal to change the
odds, and turn the
tables for its fellow
humans.**



\$100 per family, per month, which is as little as \$3.33 a day. Through care packages and monetary gifts, the morale and safety of families is lifted to a higher level. Mrs. Fayyad, a Palestinian woman, lives in the Gaza Strip. She is the mother of four children. Although Mrs. Fayyad is healthy, her children suffer from Leprosy. For some time now, Mrs. Fayyad remains a widow, with no way of supporting her very own family. She receives minimal aid from the Social Welfare Department and material support from UNRWA. She is over 50 years old, and willing to learn a skill to contribute to her own welfare. Unfortunately, her children take up too much of her time.

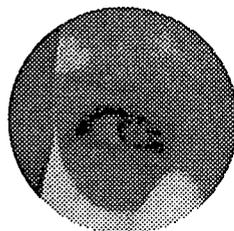
- REACH-A-CHILD ASSISTANCE puts a monthly allowance and in-kind support in the hands of destitute children who have trouble going through their everyday without serious hardships. "Reach-A-Child" is valued at \$35 per child, per month. In 1997, four girls were brought to America for special medical treatment and attention. Najiah Al-Masri suffered extensive 3rd degree burns. Najiah was left disfigured, her face and right hand burnt to a crisp. Her sister, Radwia, lost an eye..



Najiah has undergone 18 surgeries in Cairo and Jordan. Her sister was granted a prosthetic eye from a doctor in Dallas, Texas. HLF raised both funds and medical donations for Najiah and her sister.

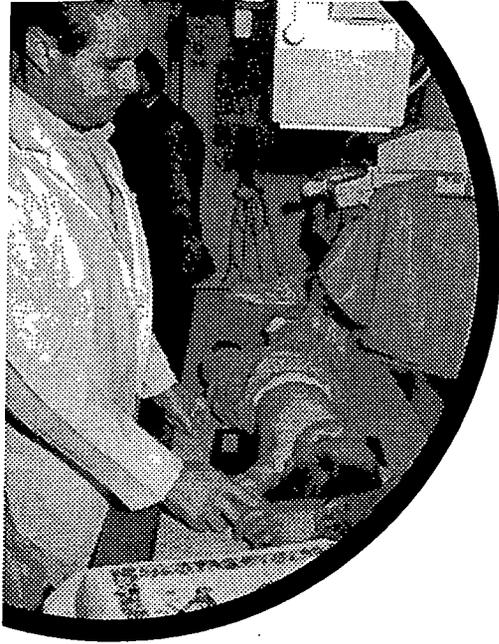
Children who are handicapped, crippled, or living with insolvent families, receive relief through the Foundation's services and programs.

- GIFTS-IN-KIND are an important aspect in our relief packages to the Holy Land. In cooperation with a California based organization, \$900,000 worth of brand new clothes benefited the people of the Holy Land. \$100,000 went to the West Bank, \$400,000 to Lebanon, and \$400,000 to Gaza.



ORPHAN'S

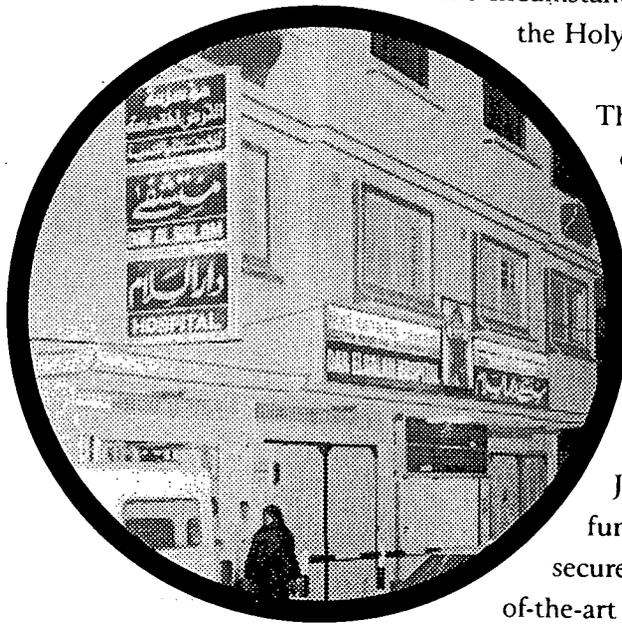
life



HEALTH CARE

Every year, on every day, at every hour, deteriorating medical facilities and understaffed hospitals worsen the health conditions in the Holy Land. There is no excuse for the unavailability of adequate treatment for the ill. The fact is that not enough money is spent on equipment maintenance or hiring larger, more proficient staff. Many facets of the community are adversely affected by these inferior medical conditions.

HLF constructed Health Programs to effectively change the circumstances in the clinics and hospitals of the Holy Land.



This year, Holy Land Foundation collected \$1.6 million dollars worth of medical aid. \$500,000 dollars worth of medical equipment, supplies, and pharmaceuticals were shipped to Lebanon. \$1.1 million dollars of medical equipment and books were shipped to Jordan at the end of June. The Foundation continues to fund medical clinics and facilities, secure supplies, equipment, and state-of-the-art technology to make a difference for the population. We also award various medical scholarships. Over \$711,000 were raised in 1997, specifically for Health Care. HLF Health programs tackle the issue without losing hope for true change.

- MEDICAL PROJECTS are a large part of the Holy

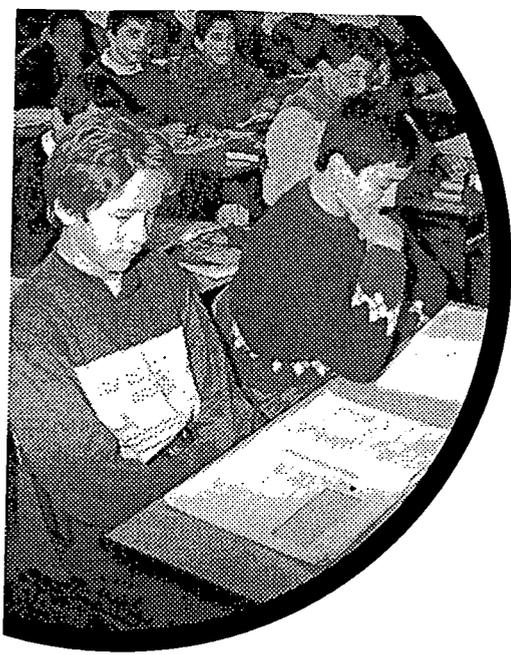
Land Foundation's humanitarian efforts. By building and establishing hospitals and other medical facilities, HLF creates structures to insure the survival and treatment of the injured and sick. The Dar Al Salam hospital in Gaza, Al Razi hospital in Jeneen, and Al-Ahli hospital in Hebron, are funded by the Foundation.

- **IN-KIND MEDICAL DONATIONS** are an essential aspect of the aid offered by HLF. Disposable supplies, pharmaceuticals, and equipment are donated to stricken communities and clinics. We have received priceless help from many concerned donors.
- **SPECIAL MEDICAL TREATMENT FUND** is the specific funding and aid garnered for extreme victims and difficult medical cases. We help paraplegic, physically challenged, deformed, or handicapped people. For example, Maher Alssaheed, a 12 year old boy, was shot in a raid on the Gaza Al Braij refugee camp in Palestine. Afterwards, he suffered extensive nerve and muscular damage. He became paralyzed from his shoulders to his hands. According to Shefa Hospital, in Gaza, Maher suffers from back pains and severe spinal damage. Doctors said that his condition was chronic and in need of constant treatment. HLF brought him to America for treatment, offering medical aid, services, and monetary donations to help out. He was able to get the attention he deserved, as well as the medicine and care that he so desperately needed.

At HLF, we bring quality health care to those who desperately need it. We have given children, and adults alike, the opportunity for positive change, medical attention, and a new life.



**This year, HLF
collected \$1.6
million dollars worth
of medical aid.**



EDUCATION

A complete education is a significant pathway towards a bright and successful future. It is the key that unlocks the door to self-empowerment. Due to the cost of living, skyrocketing unemployment rates, and family tragedies, Children are deprived of the right to an education. Supplies, registration and tuition fees, uniforms, transportation, counseling, and textbooks compete with food and water in an impoverished parent's eyes. The situation has grown to a point where the immediacy of a solution is required, or else, the percentage of dropouts and failures will keep climbing.



The Education Program at HLF has been one of the driving forces behind the organization's objective of helping the disenfranchised children of the Holy Land. Through various plans and resolutions, HLF has created the "Back-To-School" and "Stay-In-School" scholarship programs to remedy the situation.

- "Back-To-School" offers an entire aid package designed to fulfill the special needs of children who can not begin the normal school year. It is a seasonal program that works year round, but focuses only on the beginning of the school year. This package includes registration and tuition fees, textbooks, school supplies, uniforms, counseling, and other social services.

● "Stay-In-School" was created, as a means of getting much needed aid and support to students who are continuing onto high school or college. For \$420 per year, or \$35 per month, a student receives a scholarship good for one school year. This is a long term plan, which will provide outstanding students with a chance to receive their education.

● "University Scholarships" are offered to exceptional students facing difficulties beginning their college education. The International Islamic University of Malaysia gives Palestinian students the opportunity to study Engineering, Law, and Communications.

● "Library Projects" consist of developing and building children's library centers for Palestinian communities. These libraries will be equipped with the tools and personnel to help lift the spirit and social lives of the community. Computers, technical equipment, and books are donated and provided towards the creation of new libraries and centers. A \$300,000 project to establish a Children's Library and Museum is underway in Hebron. The needs of Palestinian children go far beyond food, water, clothing, and health care. Now, we are building the Al Anwar Al Ibrahimia Library. In the future, we will be developing libraries in the regions of Nablus, Tulkaram, and other outlying areas.



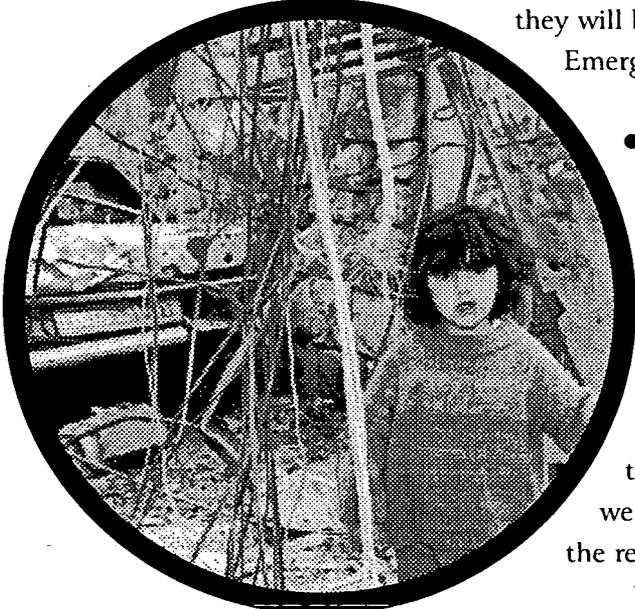
**A complete
education is a
significant pathway
towards a bright and
successful future.**

EMERGENCY RELIEF



In the aftermath of many of the violent events and crises in the Holy Land, an increasing need for safety and support has grown out of the catastrophes. HLF developed the Emergency Relief fund to heal some of the damage and restore the sanctity of Palestinian life.

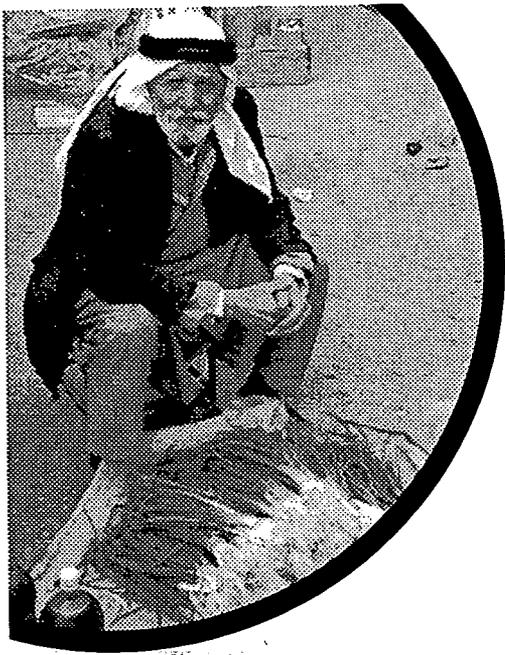
When an event brutally touches the lives of a people, it can send shockwaves. HLF knows that when terror strikes, irreparable harm is done. In the harshest of winters, the people need warmth and sustenance; in the most oppressive conditions, families need to know that they will be able to survive. This is why Emergency Relief helps.



- **EMERGENCY RELIEF** is designed to provide humanitarian aid to victims of war, collective punishment and natural disasters. Through in-kind assistance, monetary funding, and packages of food and clothing, those facing hardship get the support they need. This year, we raised over \$310,000 to help the refugees in the Holy Land.

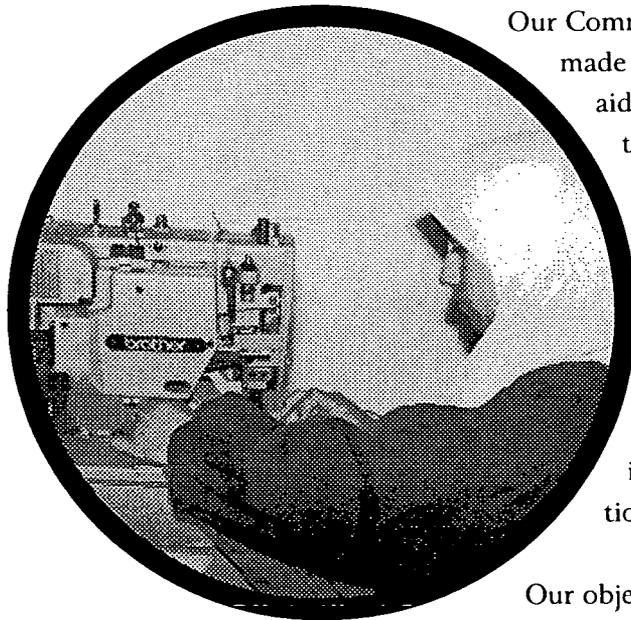


EMERGENCY RELIEF IS
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AND NATURAL DISASTERS.



COMMUNITY DEVELOPMENT

In a world of occupation and closures, a decaying landscape of shrapnel and crumbs, a proud people struggle to stand on their callused feet. Unemployment runs high, and it is incredibly difficult to find work. The creation of job and technical training programs is key in boosting morale and giving people a sense of real purpose. Many approaches are necessary for the stimulation of economic and social growth in any community. For the Palestinians, constructive efforts must be administered to put the community back on the road to success and freedom.



Our Community Development program has made great strides in 1997. Economic aid and the creation of basic industry and farming opportunities are methods for instituting changes towards self-reliance. The Community Development program was established by HLF to help disadvantaged Palestinians fight poverty, while fostering employment and training opportunities for the population.

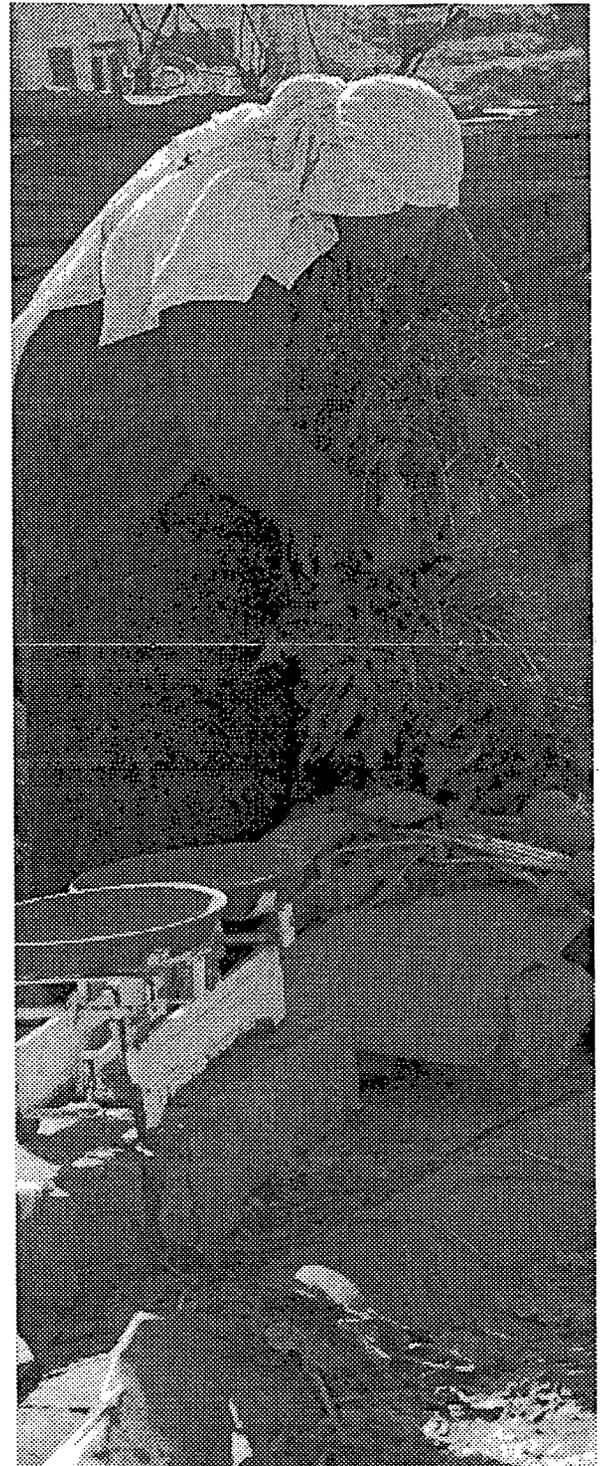
Our objective is to create stability and economic growth for the community at large. The goal is to rebuild the infrastructure of the Palestinian society, by allowing the business and culture of the people to be the launching pad to independence.

- INCOME GENERATING PROJECTS are the root of

the community, and Holy Land Foundation has taken steps to improve the economy. By offering occupational training, job assistance programs, and funding new farms and small businesses, we guarantee that a change for the better occurs.

- MUNICIPALITY SERVICES are the actual infrastructure services allocated towards the poor neighborhoods and refugee camps. Under these services, HLF donates and repairs the water supply systems and wells in the refugee camps, electrical generators and transformers for electricity, and builds community and youth centers.

For example, in 1997, HLF created a water pump program in Lebanon that gave 45,000 people fresh drinking water. In Nadi Salwad, \$40,000 was spent on a youth center for the young people of the area. Educational and social programs are offered through the various youth groups and mosques. We are continuing to bring water services and other creative, but essential help to the community. Some of the established centers include ones focusing on issues of domestic violence, adolescence, and cultural activities.



For the Palestinians, constructive efforts must be administered to put the community back on the road to success and freedom.



As an obligation to moral and spiritual beliefs, HLF has kept its "Special Services" one of the strongest of the charity divisions.

SPECIAL SERVICES

Every soul deserves to be free. The Holy Land Foundation knows that with our help, the forgotten and downtrodden can be uplifted. As an obligation to moral and spiritual beliefs, HLF has kept its "Special Services" one of the strongest of the charity divisions. During the months of Ramadan, and during Udhia, the hungry can not enjoy the blessings of God. At HLF, we are dedicated to bringing meat (like lamb and beef), other fresh and canned foods, clothing, and in-kind gifts to the needy of Palestine, Jordan, Lebanon, and many other parts of the world. With special packages going out every year, and literally tons of food and gifts being distributed, HLF has assured the poor and troubled that their new year and holiest of months are met with care and kindness.

- **RAMADAN** is the holy month in which the Foundation directs vast care packages, cases of food, and in-kind gifts to the impoverished throughout the world. HLF raised well over \$813,000 in Ramadan of 1997, and over \$670,000 in 1996. Being the holiest of months, Ramadan is the time when HLF is extremely active in getting great quantities of food and gifts to the destitute everywhere.

- **UDHIA** is a time when HLF has hundreds of livestock and cattle sacrificed in an Islamic manner. The seasonal fund insures that large amounts of meat are dispersed amongst the needy globally. We brought in over \$134,000 in 1996, and continued with over \$197,000 in 1997.

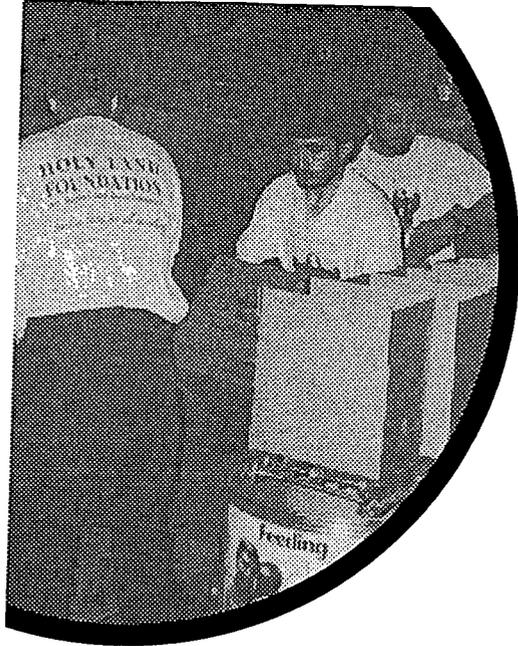
- **ZAKAT AL FITR** gives donors the chance to take part in a big annual campaign to get monetary gifts, canned goods, foods, and essential household items to those who

are suffering in the Holy Land.

- EID GIFT is a comprehensive program that allows countless gifts to go out to the needy in the Palestine and other regions. The gifts are valued at \$200 per allotted gift. The HLF package includes household items, like new carpets, kitchen utensils, and space heaters.
- IN-KIND ASSISTANCE is the ongoing drive to get materials and personal items such as clothing, shoes, blankets, and food to the poor and undernourished. Donations of all sizes and values are encouraged, and sponsors have the chance to really help.



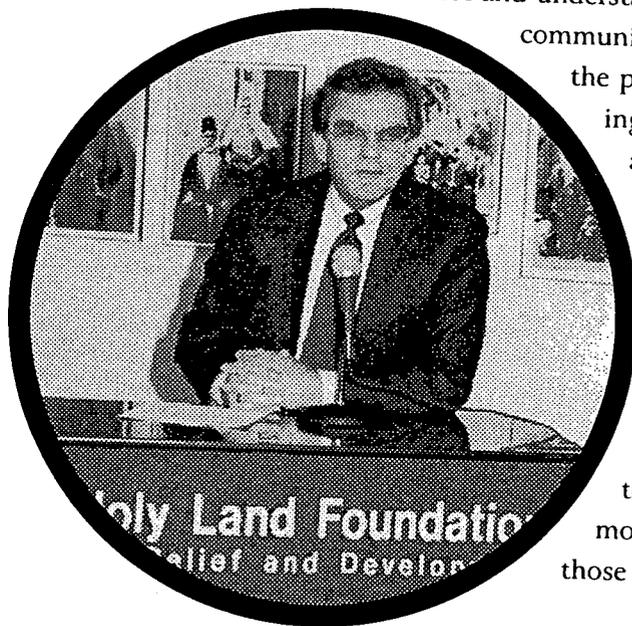
**HLF raised well over
\$813,000 in Ramadan
of 1997, and over
\$670,000 in 1996.**



COMMUNITY OUTREACH USA

HLF designed Community Outreach to educate and strengthen the American community with information, charity, and activities.

By going into various communities and meeting with city officials and neighborhood residents, HLF has developed a communicative link with the people. College scholarships are offered to minority students pursuing careers in journalism and broadcast media. Special events, seminars, and luncheons are part of the effort to increase interest and understanding of the religious and ethnic



communities within the United States. In the past, projects have included feeding the homeless, offering legal aid and advice to members of the community, and improving media relations. During the Oklahoma City Bombing incident, HLF was the first Muslim organization to offer humanitarian aid to the victims of the catastrophe. HLF volunteers and staff donated blood, money, and physical support to those involved in the terrible crisis.

Public Service Announcements

For the first time in history, Muslims in the Dallas/Fort Worth metroplex were greeted by Channel 8 (ABC affiliate) on the holiday of Ramadan 1997. A 15 second public service announcement (PSA) aired daily as a reminder of

the fasting month.

Library Showcase

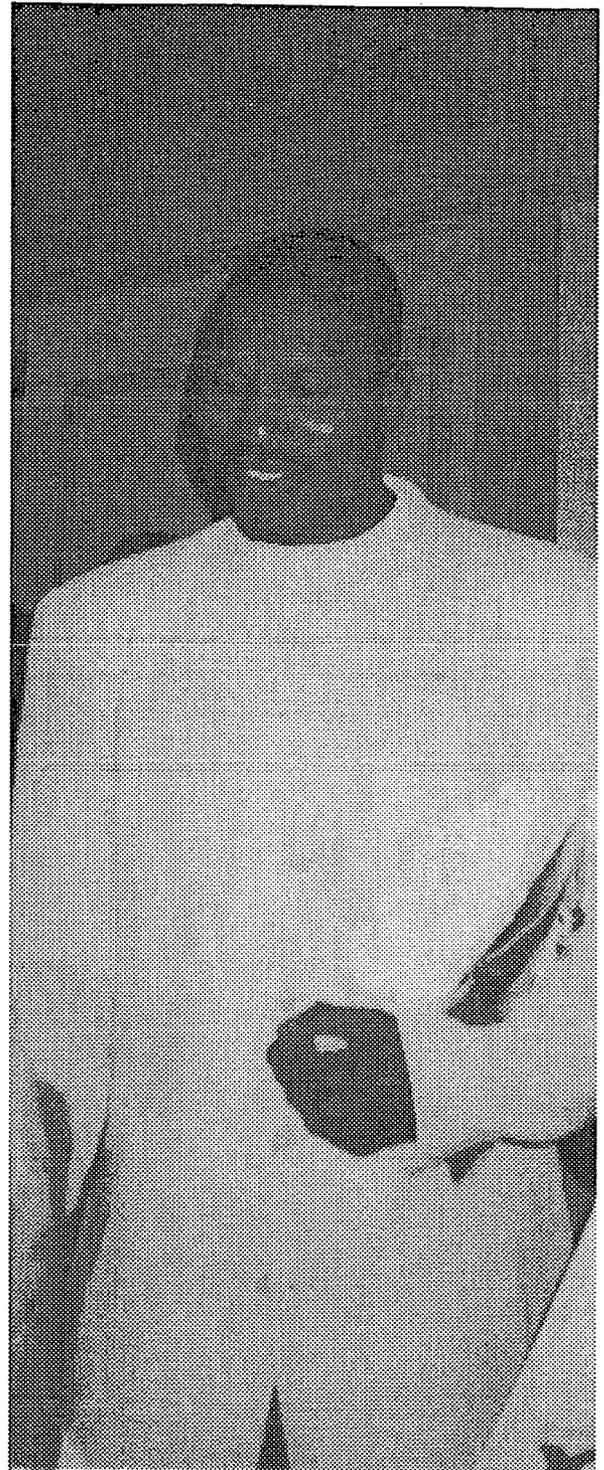
We began a first time effort to further educate and eliminate stereotypes of Muslims and the Middle East. We presented four showcases about Islam and Ramadan, which were displayed at local public libraries. The public enjoyed learning about the true spirit of Islam.

Luncheon Program

Ollie Ruth Jefferson, Immigration Attorney, was the guest speaker at our monthly luncheon in June. Ms. Jefferson is an advocate of immigrant rights, and has been defending immigrants and refugees for over 13 years.

In July, Dallas City Commissioner John Wiley Price spoke about the importance of individual and community involvement in local politics. He encouraged the audience to learn more about its local government and media.

On August 27, Mr. Ralph Langer, Executive V.P. of the Dallas Morning News, addressed participants of the luncheon group with the the topic of Muslims in the media. He promoted ideas of solidarity and unity, praising the Holy Land Foundation for its advances in community awareness and education.



Hakeem Olajuwon:

"I am very impressed by

the work and ambitions of

the HLF."



DONOR'S BILL OF RIGHTS

The Holy Land Foundation for Relief and Development understands that its donors are actually partners in its philanthropic mission. Every donor has certain inalienable rights. At Holy Land Foundation, we believe that the donor should be involved in the process, and informed to the progress. Donors are vastly appreciated, and truly the foundation from which the Foundation was built. HLF, in fact, has created the following bill of rights for each and every donor:



- To acquire HLF financial statements, annual reports and newsletters.
- To earmark donations to specific HLF programs or activity.
- To receive a written acknowledgement for every donation made to the Foundation.
- If involved in any HLF sponsorship program, the Donor is entitled to receiving periodic progress reports.
- If a donor is giving a monthly donation, he/she can choose a payment plan, and may cancel their pledge at any time.
- The donor has the right to remain anonymous.
- Personal complaints, suggestions and feedback are appreciated and addressed.

HLF'S DEDICATION TO THE WORLD

The Holy Land Foundation for Relief and Development has expanded its reaches to the refugee camps of Lebanon and Jordan, and continues to branch out towards the impoverished and endangered people.

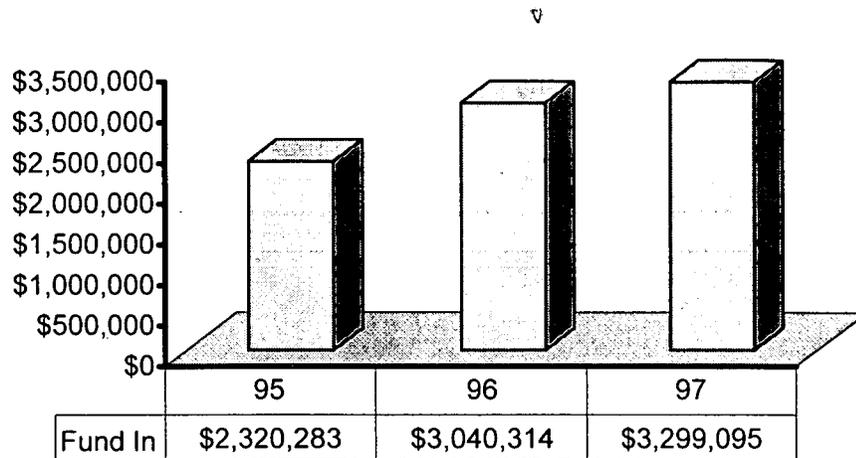
In the past, we have provided aid and charity to the people of Bosnia, Kashmir, and Somalia. In the future, we will be even further involved in the healing efforts. We believe in a brighter future, with better possibilities for the population of the world.

When you support the Holy Land Foundation, you support the ones who are hoping for better, healthier lives.

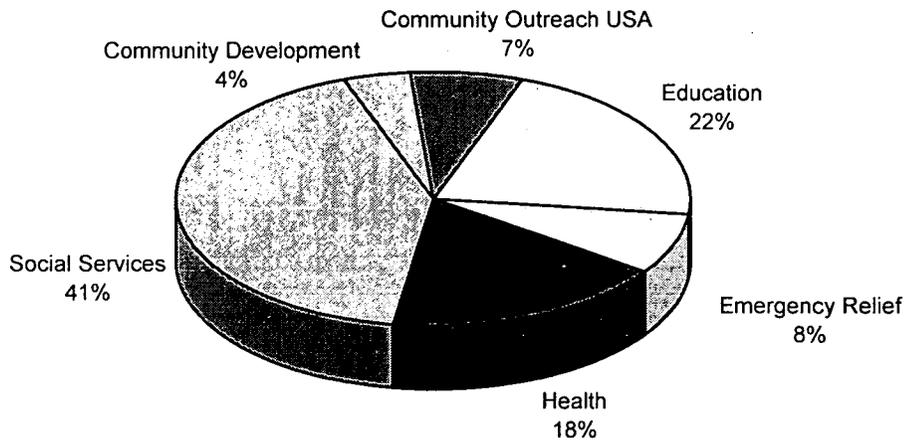


Statistics

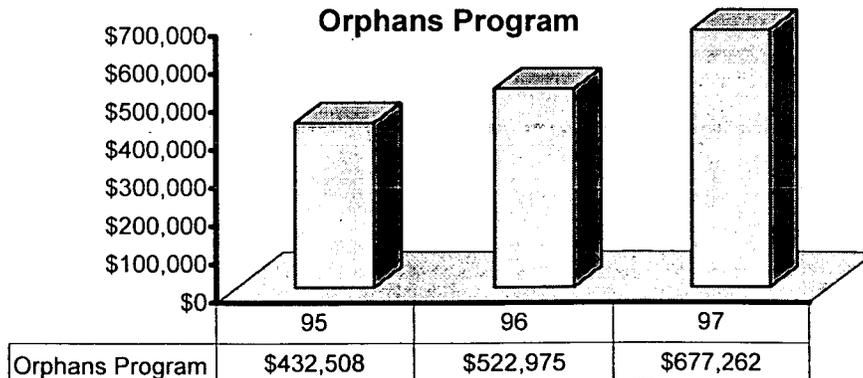
Donations (Since 1995)



Programs Percentages in 1997



Orphans Program



Statement of Financial Position

as of December 31, 1997 - Unaudited

ASSETS

Current Assets:

Cash and cash equivalent	340,484
Pledge Receivable, net	110,899
Other receivables	7,425
Total Current Assets	<u>458,808</u>

Investments

Amana Funds	449,361
North America Islamic Trust	319,283
A-Jewelers	54,456
MSI Housing	20,247
Others	7,691
Total Investments	<u>851,038</u>

Other Assets	23,305
Furniture, Equipment, net of accumulated depreciation	139,690

Total Assets	<u><u>1,472,840</u></u>
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LIABILITIES

Accounts Payable and accrued expenses	<u>24,134</u>
Total Liabilities	<u>24,134</u>

NET ASSETS

Unrestricted	1,448,707
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Total liabilities and Net Assets	<u><u>1,472,841</u></u>
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Statement of Activities

December 31, 1997 - Unaudited

PUBLIC SUPPORT AND REVENUE

Public Support	3,299,095
Gifts-In-Kind	2,150,022
Investment Income and others	88,280
Total Public Support and Revenue	<u>5,537,397</u>

EXPENDITURE

Program Services	
International Programs	
Social services	1,680,384
Education	865,523
Health	711,245
Economic Development	83,521
Community Outreach	87,771
Emergency Relief	310,889
Total International Programs	<u>3,739,333</u>
National Programs	
Public Education and Community Outreach	205,054
Humanitarian	65,788
Total National Programs	<u>270,842</u>
Total Program Services	<u>4,010,175</u>
Support Services	
Fund Raising	645,687
Management and General	502,246
Total Support Svices	<u>1,147,933</u>
Total Expenditure	<u>5,158,108</u>
Change in Net Assets	379,289
Net Assets at beginning of year	1,069,418
Net Assets at end of year	<u>1,448,707</u>



HOLY LAND FOUNDATION
for Relief and Development

525 INTERNATIONAL PKWY, SUITE 509 • RICHARDSON, TX 75081

e-mail: hlf@hlf.org • www.hlf.org • PHONE: 1-800-909-6822 • (972) 699-9868 • FAX: (972) 699-0198

Holy Land Foundation is a Charitable 501 (c) 3 organization, established in 1989. Your donation is tax-deductible.

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