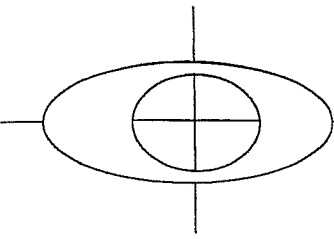


THE ISLAMIC FOUNDATION  
FINANCIAL STATEMENTS  
(With Accountants' Report Thereon)  
JUNE 30, 2020 and 2019

THE ISLAMIC FOUNDATION  
FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

C O N T E N T S

	<u>Page</u>
ACCOUNTANTS' REPORT	1
FINANCIAL STATEMENTS:	
• Statement of Financial Position	2
• Statements of Activities	3
• Statement of Cash Flows	4
• Notes to Financial Statements	5-7
SUPPLEMENTARY INFORMATION	
• Functional Expenses	8
• Statement of Activities by Class	9



## **CERTIFIED ACCOUNTING SERVICES, INC.**

Accountants & Consultants

The Board of Directors  
The Islamic Foundation  
Villa Park, Illinois

### ***Report on the Financial Statements***

We have compiled the accompanying Statements of Financial Position of Islamic Foundation, a Not-for-Profit Organization as of June 30, 2020 and 2019 and the related Statements of Activities and Net Assets and Statement of Cash Flows for the years then ended and related Notes to the Financial Statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Accountants' Responsibility***

Our responsibility is to compile in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation assignment is to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with generally accepted accounting principles. A compilation of financial statements consists presentation of financial information and do not involve expressing any opinion on the financial information.

### ***Conclusion***

The procedures involved in a review or audit engagement are substantially less and are not sufficient enough to express an opinion and thus we express no such opinion. Based on our compilation we are not aware of any material fact that financial statements do not present fairly, in all material respects the financial position in accordance with generally accepted accounting principles.

*Certified Accounting Services Inc.*

November 27, 2020

THE ISLAMIC FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2020 AND 2019

**ASSETS**

	June 30, 2020	June 30, 2019
<b>CURRENT ASSETS:</b>		
Cash and equivalents		
Checking account	\$ 2,193,517	\$ 1,771,193
Investments	3,013,140	1,854,436
Inventory	11,160	11,492
Pre-Paid expenses		-
	5,217,817	3,637,121
<b>PROPERTY &amp; EQUIPMENT:</b>		
Furniture and equipment	356,461	356,461
Mosque, School Buildings, Parking lot, land	13,393,313	13,393,313
	13,749,774	13,749,774
Less: Accumulated Depreciation	(3,700,465)	(3,342,545)
	10,049,309	10,407,229
Total Assets	\$ 15,267,126	\$ 14,044,350

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES:</b>		
Accounts payable	\$ 29,453	\$ 66,790
Accrued expenses & other payables	117,802	70,287
Unearned Revenue	112,271	199,860
SBA Loan	782,716	
	1,042,242	336,937
<b>NET ASSETS:</b>		
Unrestricted	6,455,127	5,907,836
Temporarily restricted	7,769,757	7,799,577
Permanently restricted	-	-
	14,224,884	13,707,413
Total Liabilities and Net Assets	\$ 15,267,126	\$ 14,044,350

See Accompanying Notes and Accountants' Report

THE ISLAMIC FOUNDATION  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR YEARS ENDED JUNE 30, 2020 AND 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>REVENUE:</b>		
Program service receipts (Note 1)	\$ 6,558,891	\$ 6,576,735
Investment income (loss)	<u>(69,856)</u>	<u>56,863</u>
Total revenue	<u>6,489,035</u>	<u>6,633,598</u>
 <b>EXPENSES:</b>		
Program expenses	5,604,178	5,579,770
Management and general expenses	331,449	525,067
Fundraising expenses	<u>35,937</u>	<u>57,399</u>
Total expenses	<u>5,971,564</u>	<u>6,162,236</u>
 <b>INCREASE IN NET ASSETS</b>	 517,471	 471,362
 <b>NET ASSETS:</b>		
Beginning of year	<u>13,707,413</u>	<u>13,236,051</u>
End of year		
Net Assets	<u>\$ 14,224,884</u>	<u>\$ 13,707,413</u>

See Accompanying Notes and Accountants' Report

THE ISLAMIC FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR YEARS ENDED JUNE 30, 2020 AND 2019

	June 30, 2020	June 30, 2019
<b>OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 517,471	\$ 471,361
Adjustments to reconcile net assets to net cash provided by operating activities		
Depreciation	357,920	357,920
(Increase) decrease in inventory	332	3,778
(Increase) decrease in other assets	-	114,067
Increase (decrease) in accounts payable	(37,337)	23,780
Increase (decrease) in accrued exp. & other payable	(40,075)	(298,890)
Net Cash Provided by Operating Activities	798,312	672,017
<b>FINANCING ACTIVITIES</b>		
Increase (Decrease) in loan payable	782,716	
	782,716	
<b>INVESTING ACTIVITIES:</b>		
Decrease (Increase) in investments	(1,158,704)	(1,256,863)
Acquisition of property and equipment	-	(696,501)
Net Cash Used by Investing Activities	(1,158,704)	(1,953,364)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	422,324	(1,281,347)
<b>CASH AND CASH EQUIVALENTS BALANCE</b>		
AT BEGINNING OF YEAR	1,771,193	3,052,540
<b>CASH AND CASH EQUIVALENTS BALANCE AT END OF YEAR</b>	\$ 2,193,517	\$ 1,771,193
<b>SUMMARY OF CASH AND CASH EQUIVALENTS ACCOUNTS:</b>		
Unrestricted net assets	\$ 1,067,603	\$ 990,689
Temporarily restricted net assets	1,125,914	780,504
Permanently restricted net assets	-	-
	\$ 2,193,517	\$ 1,771,193

See Accompanying Notes and Accountants' Report

THE ISLAMIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
(With Accountants' Report Thereon)  
JUNE 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Islamic Foundation ("Foundation") is an Illinois Corporation organized under the Not-for-Profit Corporation Act of Illinois. The Foundation fosters and promotes the religion of Islam and its practices in accordance with the teachings of the holy Quran and Sunna. The Foundation attains its objectives by maintaining a place of worship for the followers of Islam. The Foundation also operates a school to offer not only contemporary education but also to teach the believes and practices of Islam.

Basis of Accounting

The financial statements of the Foundation have been prepared using the accrual basis of accounting in accordance with generally accepted accounting standards and principles, established by the Financial Accounting Standards Board (FASB), References to U.S. GAAP in these footnotes are on the FASB Accounting Standards Codification

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standard Codification (ASC) 958 "Not-for-Profit Entities". Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to three classifications of net assets, unrestricted, temporarily restricted and permanently restricted, which are based on the existence or absence of donor-imposed restrictions.

Restricted and Unrestricted Revenue and Support

In accordance with FASB ASC 958-065 "Contribution Received", contributions received are recorded as unrestricted, temporarily restricted and permanently restricted support, depending on the existence and/or nature of any donor imposed or other restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets. The Foundation has not received any income or assets with donor-imposed restrictions that would result in permanent restrictions.

Estimates

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

Income Taxes

The Foundation is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. The Foundation is also exempt from Federal Income Taxes. All donations to the Foundation are tax deductible.

THE ISLAMIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
(With Accountants' Report Thereon)  
JUNE 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Promises to Give

The binding promises to give or to be received from donors in future periods are reflected at the estimated amount to be given or to be received, reduced by an allowance estimated for future collectability. As of June 30, 2020, and 2019, there are no binding promises to give or to be received are to be recorded.

Sources of Revenue

The major sources of revenue are from donations from the public and tuition fees from students attending elementary, middle and high school.

Donated Services

To deliver various religious programs throughout the year, the Foundation relies upon substantial donated services from community members. Due to several operational factors, it is not possible for the Foundation to record the value of the donated services.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts

Property, Equipment and Depreciation

The property and equipment are stated at cost. Depreciation is computed using various methods over estimated useful lives of five and seven years for equipment and furniture and fixtures. The depreciation expenses for the years ended June 30, 2020 and 2019 were \$357,920 and \$357,920.

Fair Value of Assets and Liabilities

The fair value of an asset or liability is the amount at which an asset or liability could be exchanged in a current transaction between two willing parties. The carrying value of assets and liabilities, shown on the balance sheet, approximate fair value.

Allocation of Expenses

The costs of providing the various programs and supporting activities of the organization have been summarized in statement of activities.

2. INVESTMENTS

The fair Value Measurement and Disclosure topic of the Financial Accounting Standards Board (FASB) Accounting Services Codification (ASC) 820, establishes a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. This hierarchy consists three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The Foundation invested part of the available cash in marketable securities. The realized and unrealized profit is recorded at regular intervals. As of June 30, 2020, and 2019, the fair market value of marketable securities held were \$3,013,140 and \$1,854,436.



THE ISLAMIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
(With Accountants' Report Thereon)  
JUNE 30, 2020 and 2019

3. INVENTORY

The Foundation maintains a bookstore of religious educational books and other items. As of June 30, 2020 and 2019, the valuation of the inventory was and \$11,160 and \$11,492.

4. FUNCTIONAL CLASSIFICATIONS

The organization provides information about expenses by functional classification. Functional classification groups expenses by major classes of program services and supporting activities. Program services are expenses that directly fulfill the mission or purpose for which the organization exists. Supporting activities are those expenses that are not program services but make it possible for the Organization to provide program services. Supporting activities typically include management, general and fundraising expenses. The Foundation's functional classifications are reported in the Statement of Activities.

4. CONCENTRATION OF CREDIT RISK

The Foundation maintains several bank accounts at a financial institution. Accounts, in aggregate, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The aggregate balances in these accounts exceeded June 30, 2020 and 2019 by \$1,943,517 and \$1,521,193, respectively.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts shown on the balance sheet for current assets and current liabilities approximate fair value due to the short-term of these instruments and traditional allowances calculated by management. Fixed assets approximate fair value due to the depreciation offset. Other assets and long-term liabilities also approximate fair value because of their certainty of being realized on a future date and the fact that the interest rate, if applicable, is established by the current market.

6. SUBSEQUENT EVENTS VALUATION

Subsequent events were evaluated through November 27, 2020 which is the date of the financial statements were available to be issued. There were no material matters requiring disclosure in these financial statements in this regard.

## SUPPLEMENTARY INFORMATION

THE ISLAMIC FOUNDATION  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
BY CLASS  
FOR YEARS ENDED JUNE 30, 2020 AND 2019

	Year Ended June 30, 2020				Year Ended June 30, 2019			
	Foundation	School	Zakat	Total	Foundation	School	Zakat	Total
<b>Revenue</b>								
General donations	\$ 926,294	\$ 96,646		\$ 1,024,940	\$ 1,189,191	\$ 104,278		\$ 1,293,469
Zaka/Sadqa	647,327		\$ 361,783	1,009,110	330,557		\$ 381,163	711,720
Pre-School and weekend school fees	146,158			146,158	220,533			220,533
Permanently restricted donation	-			-	92,111	4,315		96,426
Other programs	413,273			413,273	368,591			368,591
Tuition fees		3,779,963		3,779,963		3,804,490		3,804,490
Miscellaneous fees	5,777	179,669		185,446	1,844	79,663		81,507
Investment income (loss)	(69,856)			(69,856)	56862.74			56,863
	<u>\$ 2,070,973</u>	<u>\$ 4,055,278</u>	<u>\$ 361,783</u>	<u>\$ 6,489,035</u>	<u>\$ 2,259,689</u>	<u>\$ 3,992,746</u>	<u>\$ 381,163</u>	<u>\$ 6,633,598</u>
<b>Operating expenses</b>								
Bank service fees	\$ 1,717	\$ 2,877		4,594	\$ 2,539	\$ 3,142		\$ 5,681
Cemetery expense	48,216			48,216	68,219	-		68,219
Cleaning, disposal, maintenance, repairs	171,522	128,893		300,416	149,009	184,362		333,371
Depreciation	103,937	253,983		357,920	103,937	253,983		357,920
Dues and subscription		17,149		17,149		22,472		22,472
Fundraising expense	34,737			34,737	38,150	17,439		55,589
Guest speakers	1,200			1,200	1,810			1,810
Insurance	14,006	34,669		48,675	12,640	28,693		41,334
Occupancy expenses	4,188	7,853		12,040	4,503	9,007		13,510
Outside services	7,325	24,733		32,058	19,467	66,098		85,566
Payroll, payroll taxes & employees benefit	588,358	3,236,255		3,824,613	642,282	3,080,942		3,723,223
Permits and fees	27,405	1,080		28,485	24,531			24,531
Postages	1,455	1,295		2,750	1,141	2,285		3,426
Printing, including printing eqpt lease chrgs	2,710	59,573		62,283	355	49,731		50,086
Professional fees	15,126			15,126	26,099			26,099
Purchases				-				-
Bookstore	31,766			31,766	39,957			39,957
Banquet Hall	10,278			10,278	36,360			36,360
Supplies	9,825	47,708		57,533		7,881		7,881
Security	13,986	57423.77		71,409	39507.95	140242.59		179,751
Travel, meals & entertainment	275	1,589		3,447		1,584		1,584
Student activities including field trips	2,467	50,080		52,547		128,271		128,271
Technology, software and consultancy	15,987	39,277		55,264	13,097	111,894		124,991
Telephone	6,824	11,942		18,766	9,894	24,374		34,268
Utilities	27,908	55,817		83,726	28,760	57,977		86,737
Educational programs	28,167	39,697		67,864	48,839			48,839
Zaka/Charitable programs	320,104		296,128	616,232	240,495		301,269	541,764
				-				-
Miscellaneous expenses	34,191	79,860		114,051	55,773	63,222		118,995
	<u>\$ 1,523,682</u>	<u>\$ 4,151,753</u>	<u>\$ 296,128</u>	<u>\$ 5,971,563</u>	<u>\$ 1,607,366</u>	<u>\$ 4,253,600</u>	<u>\$ 301,269</u>	<u>\$ 6,162,236</u>
<b>NET OPERATING INCOME</b>	547,291	(95,475)	65,655	517,471	652,323	(260,854)	79,893	471,362
<b>Retained Net Assets</b>								
Beginning of the year	5,907,836	7,506,246	293,331	13,707,413	5,255,513	7,767,100	213,438	13,236,051
End of the year	<u>\$ 6,455,127</u>	<u>\$ 7,410,771</u>	<u>\$ 358,986</u>	<u>14,224,884</u>	<u>\$ 5,907,836</u>	<u>\$ 7,506,246</u>	<u>\$ 293,331</u>	<u>\$ 13,707,413</u>

See Accompanying Notes and Accountants' Report