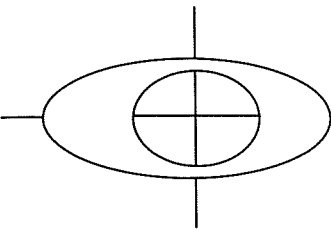


THE ISLAMIC FOUNDATION
FINANCIAL STATEMENTS
(With Accountants' Report Thereon)
JUNE 30, 2018 and 2017

THE ISLAMIC FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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CERTIFIED ACCOUNTING SERVICES, INC.

Accountants & Consultants

The Board of Directors
The Islamic Foundation
Villa Park, Illinois

Report on the Financial Statements

We have reviewed the accompanying Statements of Financial Position of Islamic Foundation, a Not-for-Profit Organization as of June 30, 2018 and 2017 and the related Statements of Activities and Net Assets and Statements 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 conduct a review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a review 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 review of financial statements consists primarily making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires applying additional procedures in case of any evidence that financial statements may be materially misstated.

We believe that the evidence obtained in our review is sufficient and appropriate to provide a basis for conclusion. The procedures performed in a review engagement are substantially less than those performed in an audit engagement

Conclusion

Based on our review 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.

March 4, 2019

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THE ISLAMIC FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017

	ASSETS	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CURRENT ASSETS:		
Cash and equivalents		
Checking account	\$ 3,052,540	\$ 2,372,493
Investments	597,573	314,978
Inventory	15,270	19,250
Pre-Paid expenses	114,066	
	<u>3,779,449</u>	<u>\$ 2,706,721</u>
PROPERTY & EQUIPMENT:		
Furniture and equipment	356,461	356,461
Mosque, School Buildings, Parking lot, land	12,696,812	12,696,812
	<u>13,053,273</u>	<u>13,053,273</u>
Less: Accumulated Depreciation	<u>(2,984,625)</u>	<u>(2,658,742)</u>
	<u>10,068,648</u>	<u>10,394,531</u>
 Total Assets	 <u><u>\$ 13,848,097</u></u>	 <u><u>\$ 13,101,252</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$ 43,010	\$ 23,012
Accrued expenses & other payables	317,277	129,126
Unearned Revenue	251,760	285,614
	<u>612,047</u>	<u>437,752</u>
NET ASSETS:		
Unrestricted	5,175,618	4,360,905
Temporarily restricted	8,060,432	8,302,595
Permanently restricted	-	\$ -
	<u>13,236,050</u>	<u>12,663,500</u>
 Total Liabilities and Net Assets	 <u><u>\$ 13,848,097</u></u>	 <u><u>13,101,252</u></u>

See Accompanying Notes and Accountants' Report

THE ISLAMIC FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
REVENUE:		
Program service receipts, (Note 1)	\$ 6,892,972	\$ 6,964,456
Investment income (loss)	31,127	8,265
Total revenue	6,924,099	6,972,721
 EXPENSES:		
Program expenses	5,719,837	5,321,871
Management and general expenses	599,586	574,315
Fundraising expenses	32,126	57,054
Total expenses	6,351,549	5,953,240
 INCREASE IN NET ASSETS	 572,550	 1,019,481
 NET ASSETS:		
Beginning of year	12,663,500	11,644,019
End of year	\$ 13,236,050	\$ 12,663,500
Net Assets	\$ 13,236,050	\$ 12,663,500

See Accompanying Notes and Accountants' Report

THE ISLAMIC FOUNDATION
STATEMENT OF CASH FLOWS
FOR YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
OPERATING ACTIVITIES:		
Changes in net assets	\$ 572,550	\$ 1,019,480
Adjustments to reconcile net assets to net cash provided by operating activities		
Depreciation	325,883	325,881
(Increase) decrease in inventory	3,980	6,153
(Increase) decrease in other assets	(114,067)	109,805
Increase (decrease) in accounts payable	19,998	(44,634)
Increase (decrease) in accrued exp. & other payable	154,296	(64,891)
	<u>962,641</u>	<u>1,351,795</u>
 Net Cash Provided by Operating Activities	 <u>962,641</u>	 <u>1,351,795</u>
 INVESTING ACTIVITIES:		
Decrease (Increase) in investments	(282,594)	(258,265)
Acquisition of property and equipment	-	(591,452)
	<u>(282,594)</u>	<u>(849,717)</u>
 Net Cash Used by Investing Activities	 <u>(282,594)</u>	 <u>(849,717)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 <u>680,047</u>	 <u>502,078</u>
 CASH AND CASH EQUIVALENTS BALANCE		
AT BEGINNING OF YEAR	<u>2,372,493</u>	<u>1,870,415</u>
 CASH AND CASH EQUIVALENTS BALANCE AT END OF YEAR	 <u>\$ 3,052,540</u>	 <u>\$ 2,372,493</u>
 SUMMARY OF CASH AND CASH EQUIVALENTS ACCOUNTS:		
Unrestricted net assets	\$ 1,875,064	\$ 1,277,349
Temporarily restricted net assets	1,177,476	1,095,144
Permanently restricted net assets	-	-
	<u>\$ 3,052,540</u>	<u>\$ 2,372,493</u>

See Accompanying Notes and Accountants' Report

THE ISLAMIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(With Accountants' Report Thereon)
JUNE 30, 2018 and 2017

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, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2018 and 2017, 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. The breakdown of revenues generated during the year ending June 30, 2018 and 2017 are:

	06.30.2018	06.30.2017
RECEIPTS		
Unrestricted		
General Donations	\$ 1,217,451	\$ 1,078,887
Sadqa	422,563	397,824
Pre-School and Weekend school fees	236,996	199,282
Other programs	325,783	420,691
Investment income (loss)	31,027	8,264
	\$ 2,233,820	\$ 2,104,948
Temporarily restricted		
Zakat	\$ 419,462	\$ 512,778
School		
Tuition fees	3,717,591	3,449,220
Other fees	468,162	468,269
Donation	85,064	437,506
	4,690,279	4,867,773
	\$ 6,924,099	\$ 6,972,721

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.

THE ISLAMIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(With Accountants' Report Thereon)
JUNE 30, 2018 and 2017

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 15, 2018 and 2017 were \$325,883 and \$325,881.

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, 2018 and 2017, the fair market value of marketable securities held were \$593,573 and \$314,979.

3. INVENTORY

The Foundation maintains a bookstore of religious educational books and other items. As of June 30, 2018 and 2017, the valuation of the inventory was and \$15,270 and \$19,250.

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

THE ISLAMIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(With Accountants' Report Thereon)
JUNE 30, 2018 and 2017

4. FUNCTIONAL CLASSIFICATIONS cont.

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, which are reported in the Statement of Activities, for year ended June 30, 2018 and 2017 were:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Program expenses	\$ 5,768,012	\$ 5,321,871
Management and general expenses	599,586	574,315
Fundraising expenses	<u>32,126</u>	<u>57,054</u>
Total expenses	<u>\$ 6,399,724</u>	<u>\$ 5,953,240</u>

5. 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, 2018 and 2017 by \$2,802,540 and \$2,122,493.

6. 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.

7. SUBSEQUENT EVENTS VALUATION

Subsequent events were evaluated through March 4, 2019 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 FUNCTIONAL EXPENSES
FOR YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018				June 30, 2017					
	Program Svcs	Supporting Services		Total	Program Svcs	Supporting Services		Total		
		Direct Program	Management			Fundraising	Direct Program		Management	Fundraising
	Cost	General Exp	Expenses	Cost	General Exp	Expenses	Cost	General Exp	Expenses	Total
Bank service fees		8,298.00		8,298.00	\$ -	\$ 8,539		\$ 8,539		
Carpeting				-	-					
Cemetery expense	35148			35,148.00	114,955			114,955		
Cleaning, disposal, maintenance, repairs	320,935	80,234		401,169.00	190,984	43,994		234,978		
Depreciation	325883			325,883.00	325,881			325,881		
Dues and subscription		17,022		17,022.00		17,104		17,104		
Fundraising expense			31,126	31,126.00			57,055	57,055		
Guest speakers			1,000	1,000.00	2,018			2,018		
Insurance		36,322		36,322.00	-	9,354		9,354		
Security	75,552			75,552.00						
Meals and entertainment				-		16,585	-	16,585		
Miscellaneous	165861			165,861.00	75,304	16,079		91,383		
Occupancy expenses		17,720		17,720.00		16,244		16,244		
Outside services	70152			70,152.00	213,340			213,340		
Payroll, payroll related taxes, benefits	3,578,029	402,911		3,980,940.00	3,461,303	384,918		3,846,221		
Postages		2,413		2,413.00		4,673		4,673		
Printing	72,542	1,108		73,650.00	60,975	3,964		64,939		
Professional fees		21,179		21,179.00		19,902		19,902		
Purchases				-				-		
Bookstore	43067			43,067.00	32,250			32,250		
Banquet Hall	25979			25,979.00	15,404			15,404		
Teaching supplies	74359			74,359.00	68,748			68,748		
Supplies	15983			15,983.00		6,732		6,732		
Student activities	104,409			104,409.00	104,747			104,747		
Technology, software and consultancy	34,608			34,608.00	30,610	7,652		38,262		
Telephone	27475	3,053		30,528.00	18,254	4,563		22,817		
Utilities	83,935	9,326		93,261.00	56,054	14,012		70,066		
Week-end school and other programs	60673			60,673.00	44,423			44,423		
Zakat and other assistance to needy	605,246			605,246.00	506,620			506,620		
	<u>\$ 5,719,836</u>	<u>\$ 599,586</u>	<u>\$ 32,126</u>	<u>\$ 6,351,548</u>	<u>\$ 5,321,871</u>	<u>\$ 574,315</u>	<u>\$ 57,055</u>	<u>\$ 5,953,241</u>		

See Accompanying Notes and Accountants' Report

THE ISLAMIC FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
BY CLASS
FOR YEARS ENDED JUNE 30, 2018 AND 2017

	Year Ended June 30, 2018				Year Ended June 30, 2017			
	Foundation	School	Zakat	Total	Foundation	School	Zakat	Total
Revenue								
General Donations	\$ 1,217,451	\$ 85,064		\$ 1,302,515	\$ 1,078,887	\$ 437,506		\$ 1,516,393
Zakat/Sadqa	422,563		419,462	842,025	397,824		512,778	910,602
Pre-School and Weekend school fees	236,996			236,996	199,282			199,282
Other programs	325,783			325,783	420,691			420,691
Tuition fees		3,717,591		3,717,591		3,449,220		3,449,220
Miscellaneous fees		468,162		468,162		468,268		468,268
Investment income (loss)	31,027			31,027	8,265			8,265
	<u>\$ 2,233,820</u>	<u>\$ 4,270,817</u>	<u>\$ 419,462</u>	<u>\$ 6,924,099</u>	<u>\$ 2,104,948</u>	<u>\$ 4,354,994</u>	<u>\$ 512,778</u>	<u>\$ 6,972,721</u>
Operating expenses								
Bank service fees	\$ 2,887	\$ 5,411		\$ 8,298	\$ 2,180	\$ 6,359		\$ 8,539
Cemetery expense	35,148			35,148	114,955			114,955
Cleaning, disposal, maintenance, repairs	96,300	304,869		401,169	95,884	139,094		234,978
Depreciation	99,827	226,056		325,883	99,827	226,054		325,881
Dues and subscription		17,022		17,022		17,104		17,104
Fundraising expense	29,276	1,850		31,126	29,337	27,718		57,055
Guest speakers	1,000			1,000	2,018			2,018
Insurance	8,074	28,248		36,322		9,354		9,354
Occupancy expenses	6,626	11,094		17,720	6,498	9,746		16,244
Outside services	16,394	53,758		70,152	88,778	124,562		213,340
Payroll, payroll taxes & employees benefit	579,262	3,401,678		3,980,940	536,574	3,309,647		3,846,221
Permits and fees	28,028	2,116		30,143	-	-		-
Postages	1,161	1,251		2,413	1,805	2,868		4,673
Printing, including printing eqpt lease chrgs	1,108	72,542		73,650	3,964	60,975		64,939
Professional fees	11,179	10,000		21,179	19,102	800		19,902
Purchases				-				-
Bookstore	43,067			43,067	32,250			32,250
Banquet Hall	25,979			25,979	15,404			15,404
Supplies	15,983	74,359		90,342	6,732	68,748		75,480
Security	25,046	50506		75,552				
Travel, Meals & Entertainment				-		16,585		16,585
Student activities including field trips		104,409		104,409		104,747		104,747
Technology, software and consultancy	9,899	24,709		34,608	14,079	24,183		38,262
Telephone	10,176	20,352		30,528	8,425	14,392		22,817
Utilities	35,599	57,663		93,261	24,181	45,886		70,066
Educational programs	47,666	13,006		60,673	44,423			44,423
Zakat/Charitable programs	238,670		366,576	605,246	210,223	-	296,397	506,620
Miscellaneous expenses	50,752	84,965		135,718	46,891	44,491		91,382
	<u>\$ 1,419,107</u>	<u>\$ 4,565,865</u>	<u>\$ 366,576</u>	<u>\$ 6,351,548</u>	<u>\$ 1,403,531</u>	<u>\$ 4,253,312</u>	<u>\$ 296,397</u>	<u>\$ 5,953,240</u>
NET OPERATING INCOME	814,713	(295,048)	52,886	572,550	701,417	101,682	216,381	1,019,481
Retained Net Assets								
Beginning of the year	4,360,905	8,062,149	240,445	12,663,499	3,659,488	7,960,467	24,064	11,644,019
End of the year	<u>\$ 5,175,618</u>	<u>\$ 7,767,101</u>	<u>\$ 293,331</u>	<u>13,236,050</u>	<u>\$ 4,360,905</u>	<u>\$ 8,062,149</u>	<u>\$ 240,445</u>	<u>12,663,500</u>

See Accompanying Notes and Accountants' Report