

ISLAMIC FOUNDATION  
**FINANCIAL STATEMENTS**  
JUNE 30, 2022 AND 2021 (audited )

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board members

### ISLAMIC FOUNDATION

Villa Park, Illinois

I have reviewed the accompanying statement of financial condition of Islamic Foundation (Foundation), as of June 30, 2022, including the statements of activities and changes in net assets, statement of functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Foundation. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, I do not express such an opinion.

### Management's Responsibility for the Financial Statements

Foundation is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of Islamic Foundation and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my reviews.

### Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with accounting principles generally accepted in the United States.

### Report on June 30, 2021 Financial Statements

The June 30, 2021 financial statements were audited by Schultz & Chez LLP and they expressed an unmodified opinion on them in their report dated December 15, 2021. They have not performed any auditing procedures since that date.

Bartlett, Illinois  
December 20, 2022

ISLAMIC FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021

	<u>Reviewed</u>		<u>Audited</u>	
	<u>2,022</u>		<u>2,021</u>	
<b>Assets</b>				
<b>Current assets</b>				
Cash in bank-unrestricted	\$	2,251,064	\$	999,105
Cash in bank-Sadaqa/Zakat		487,965	\$	1,022,947
Investments held by broker				\$
Money market fund balance		2,036,335		3,912,100
Marketable securities (at fair value)		1,610,373		129,830
Other assets				\$
Cemetary cost		334,650		-
Other assets		34,764		38,516
		369,414		38,516
<b>Total current assets</b>		<u>6,755,151</u>		<u>6,102,498</u>
<b>Property, equipment and leasehold improvements</b>				
Land and building		13,412,313		13,393,313
Furniture and equipment		356,461		356,461
		13,768,774		13,749,774
Less: accumulated depreciation and amortization		(4,416,305)		(4,058,385)
<b>Net property and equipment</b>		<u>9,352,469</u>		<u>9,691,389</u>
<b>Total Assets</b>	<b>\$</b>	<u><u>16,107,620</u></u>	<b>\$</b>	<u><u>15,793,887</u></u>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$	87,830	\$	77,443
Unearned revenue		180,866		106,512
Accrued wages		307,404		218,578
Cemetary payable		138,000		15,000
<b>Total current liabilities</b>		<u>714,100</u>		<u>417,533</u>
<b>Net Assets</b>				
With donor restrictions		866,821		591,135
Without donor restrictions		7,745,194		7,173,207
School fund		6,781,505		7,612,012
<b>TOTAL NET ASSETS</b>		<u>15,393,520</u>		<u>15,376,354</u>
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<u><u>16,107,620</u></u>	<b>\$</b>	<u><u>15,793,887</u></u>

See accompanying notes and accountant's review report.

ISLAMIC FOUNDATION  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
 YEARS ENDED JUNE 30, 2022 AND 2021

	Reviewed				Audited
	2022				2,021
	Without donor restrictions	With donor restrictions	School	Total	Total
<b>Changes in Net Assets</b>					
<b>Revenue and Support</b>					
Contributions	\$ 1,648,472	\$ 1,059,462	\$ -	\$ 2,707,934	\$ 1,766,599
Tuition fees	-	-	2,488,083	2,488,083	2,284,825
Grants	-	-	338,816	338,816	163,182
Loan forgiveness-Payroll Protection Program	-	-	-	-	1,388,730
Weekend school	142,596	-	-	142,596	38,126
Other programs	244,873	-	194,245	439,118	263,148
Fundraising	300,702	-	-	300,702	229,469
Gain(loss)on securities	(394,192)	-	-	(394,192)	64,615
Total Unrestricted Revenue and Support	1,942,451	1,059,462	3,021,144	6,023,057	6,198,694
					-
<b>Expenses</b>					
Supporting services					
Program services	-	-	3,851,651	3,851,651	3,408,715
Zakat and Sadaqa	-	783,776	-	783,776	709,721
Management and general	1,370,464	-	-	1,370,464	928,788
	1,370,464	783,776	3,851,651	6,005,891	5,047,224
<b>Increase in Unrestricted/ Restricted Net Assets</b>	571,987	275,686	(830,507)	17,166	1,151,470
<b>Net Assets at Beginning of Year</b>	7,173,207	591,135	7,612,012	15,376,354	14,224,884
<b>Net Assets at End of Year</b>	<u>\$ 7,745,194</u>	<u>\$ 866,821</u>	<u>\$ 6,781,505</u>	<u>\$ 15,393,520</u>	<u>\$ 15,376,354</u>

See accompanying notes and accountant's review report.

ISLAMIC FOUNDATION  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
 YEARS ENDED JUNE 30, 2022 AND 2021

	Reviewed				Audited
	School	Foundation	Sadaqaq/Zakat	Total	2,021
Bank charges	\$ 591	\$ 24,447	\$ -	\$ 25,038	1,275
Cemetery expense	-	-	-	-	55,651
Cleaning and maintenance	147,722	104,979	-	252,701	173,310
Dues and subscriptions	24,785	-	-	24,785	13,630
Fundraising expenses	-	41,248	-	41,248	3,731
Guest speaker	-	7,900	-	7,900	1,200
Insurance	45,438	13,103	-	58,541	42,387
Occupancy	8,451	4,425	-	12,876	11,273
Outside services	19,922	21,713	-	41,635	28,534
Salaries and benefits	2,797,033	684,635	-	3,481,668	3,033,899
Permits and fees	1,734	15,308	-	17,042	11,144
Postage	1,520	1,205	-	2,725	1,949
Printing	70,189	4,162	-	74,351	51,093
Professional fees	1,980	57,299	-	59,279	24,559
Books	-	39,153	-	39,153	36,027
Supplies	88,941	26,139	-	115,080	161,984
Security	61,569	59,126	-	120,695	22,980
Student activities	24,352	-	-	24,352	7,378
Computer expenses	76,909	18,289	-	95,198	102,545
Telephone	7,940	3,970	-	11,910	11,967
Utilities	85,468	42,734	-	128,202	76,750
Educational programs	20,737	48,338	-	69,075	30,637
Sadaqa & Zakat payments	-	-	783,776	783,776	709,721
Depreciation and amortization	253,983	103,937	-	357,920	357,920
Other	112,387	48,354	-	160,741	75,680
<b>Total Functional Expenses</b>	<b>\$ 3,851,651</b>	<b>\$ 1,370,464</b>	<b>\$ 783,776</b>	<b>\$ 6,005,891</b>	<b>\$ 5,047,224</b>

See accompanying notes and accountant's review report.

ISLAMIC FOUNDATION  
**STATEMENTS OF CASH FLOWS**  
YEARS ENDED JUNE 30, 2022 AND 2021

	Reviewed	Audited
	2022	2021
<b>Cash flows from operating activities</b>		
Net increase in net assets	17,166	\$ 1,151,470
Adjustments to reconcile changes in net assets to:		
Cash provided by (used in) operating activities		
Depreciation and amortization expense	357,920	357,920
Loan forgiveness- Payroll Protection Program	-	(782,716)
(Increase) decrease in:		
Other assets	3,752	(27,356)
Increase (decrease) in:		
Accounts payable and accrued expenses	99,213	148,766
Unearned revenue	74,354	(5,759)
Other liabilities	123,000	15,000
Net cash provided by operating activities	<u>675,405</u>	<u>857,325</u>
<b>Cash flows from investing activities</b>		
Change in investment-net	60,572	(1,028,790)
Parking lot improvement	<u>(19,000)</u>	<u>-</u>
Net cash (used in) investing activities	<u>41,572</u>	<u>(1,028,790)</u>
<b>Net increase (decrease) in cash</b>	716,977	(171,465)
<b>Cash, Beginning of Year</b>	2,022,052	2,193,517
<b>Cash, End of Year</b>	<u>\$ 2,739,029</u>	<u>\$ 2,022,052</u>

See accompanying notes and accountant's review report.

ISLAMIC FOUNDATION  
**NOTES TO FINANCIAL STATEMENTS**  
YEAR ENDED JUNE 30, 2022

***NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

Nature of Activities

ISLAMIC FOUNDATION (the “Foundation “), is a not- for-profit organization incorporated, under the laws of the State 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 beliefs and practices of Islam.

Basis of Accounting

The Foundation prepares its financial statements in accordance with generally accepted accounting principles, applying the accrual basis of accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Accounting Policy

The Foundation follows the single source of authoritative U.S. generally accepted accounting principles (GAAP) set by the financial Accounting Standards Board to be applied by nongovernmental entities, *Accounting Standards Codification* (ASC), in the preparation of their financial statements.

Basis of Presentation

ASC 958-605-15, “Accounting for Contributions Received and Contributions Made”, requires contributions received to be reported as increases in net assets without donor restriction unless use of related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction.

ASC 958-205, “Financial Statements of Not-for-Profit Organizations”, requires the School to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restriction and net assets without donor restriction.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Property and Equipment

Land is stated at cost. Furniture and equipment are stated at cost, less accumulated depreciation and are depreciated on a straight-line basis over the estimated useful lives of the related assets. The building and its improvements are depreciated using the straight-line method over their estimated useful lives.



ISLAMIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022

***NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)***

Public Support, Revenue and Pledges

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges for contributions are recorded when received. Contribution pledge receivables are reflected on the statement of financial position net of an allowance for uncollectible amounts.

Unearned Revenue

Unearned revenue represents registration fees collected by the school which relates to school year starting after June 30, 2022.

Donated Services

No amounts have been reflected in the statements for donated services because they did not meet the criteria for recognition under ASC 958-605-15. Management estimates that volunteers helping in the academic programs donated approximately 300 hours to the Foundation during the year ended June 30, 2022.

Contributions

Contributions received were classified as restricted and unrestricted support.

Income Taxes

Foundation is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501 (c) (3). Accordingly, no provision for federal income taxes has been made.

Management has reviewed Foundation's tax position for all tax years open to examination which include 2020 2019 and 2018 and concluded that a provision for income taxes is not required.

Functional expenses

The costs of the Foundation programs and supporting services have been reported on the functional basis in the Statement of Functional Expenses. Expenses are charged to each program based on direct expenses incurred. Any program expenses nor directly chargeable to the program are allocated based on units of service and support costs are allocated based on indirect cost allocation.

Revenue Recognition

Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. The SVF reports such gifts as restricted support and revenues if they are subject to time or donor-imposed restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions when

ISLAMIC FOUNDATION  
**NOTES TO FINANCIAL STATEMENTS**  
YEAR ENDED JUNE 30, 2022

***NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***  
***(continued)***

Contributions of services are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for donated services in as much as no objective basis is available to measure the value of such services. However, a number of volunteers have donated their time.

Contributions of food, equipment and other goods are recorded at estimated fair value when received.

a stipulated time restriction ends, purpose restriction is accomplished, or both. However, temporarily restricted contributions and grants are reported as unrestricted support and revenues if the restriction is met in the same calendar year that the gift is received.

Conditional contributions are not recorded as support and revenues until the conditions are met. Payments classified as exchange transaction (reciprocal transfers between two entities in which goods and services of equal value is exchanged) are not recorded as other support and revenues until allowable expenditures are incurred.

Contributions of food, equipment and other goods are recorded at estimated fair value when received.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulation time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

***NOTE B - FAIR VALUE***

ASC 820-10, "Fair Value Measurements", defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurement. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: quoted market prices in active markets for identical assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for an asset or liability (Level 3). The Foundation records its financial instruments at fair value and, as of June

ISLAMIC FOUNDATION  
**NOTES TO FINANCIAL STATEMENTS**  
YEAR ENDED JUNE 30, 2022

***NOTE B - FAIR VALUE (continued)***

30, 2022, they were all categorized as Level 1. No valuation techniques have been applied to nonfinancial assets and liabilities, and hence, due to the nature of these items, all have been recorded at their historical value.

***NOTE C - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK***

The Foundation maintains its cash balances at one financial institution, located in a suburb of Chicago. The account balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022, there was an uninsured balance at the financial institution referred to above which approximated \$2,427,900.

The Foundation also has various investment products carried at few Investments companies totaling \$3,646,708 which represents approximately 24% of its Net Assets.

The Foundation's management monitors the creditworthiness of these institutions.

***NOTE D - SUBSEQUENT EVENTS***

The Foundation has evaluated subsequent events through December 20, 2022, which is the date the financial statements had been reviewed by management and were available to be issued.

No other events have occurred from the date of the financial statements to December 20, 2022, which would require adjustments to or disclosure in the accompanying financial statements.