

ISLAMIC FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board members
ISLAMIC FOUNDATION
Villa Park, Illinois

I have reviewed the accompanying statements of financial condition of Islamic Foundation (Foundation), as of June 30, 2023 and 2022, including the statements of operations and statements of activities and changes in net assets, functional expenses and cash flows for the years 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.

Bartlett, Illinois
March 22, 2024



ISLAMIC FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2,023		2,022	
Assets				
Current assets				
Cash in bank-unrestricted	\$	1,503,676	\$	2,251,064
Cash in bank-Sadaqa/Zakat		716,045	\$	2,739,029
Investments held by broker				
Money market fund balance		1,068,605		2,036,335
Marketable securities (at fair value)		4,437,829	5,506,434	3,646,708
		7,726,155		6,385,737
Property, equipment and leasehold improvements				
Land and building		13,826,382		13,412,313
Furniture and equipment		356,461		356,461
		14,182,843		13,768,774
Less: accumulated depreciation and amortization		(4,810,711)		(4,416,305)
Net property and equipment		9,372,132		9,352,469
Other assets				
Cemetery cost		585,300		334,650
Other assets		11,727		34,764
Total other assets		597,027		369,414
Total Assets		\$ 17,695,314		\$ 16,107,620
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$	89,476	\$	87,830
Unearned revenue		271,915		180,866
Accrued wages		324,960		307,404
Cemetery payable		0		138,000
Total current liabilities		686,351		714,100
Net Assets				
With donor restrictions		806,802		866,821
School fund		7,130,364		6,781,505
Without donor restrictions				
Undesignated		6,928,656		5,745,194
Designated by Board		2,143,141		2,000,000
TOTAL NET ASSETS		17,008,963		15,393,520
Total Liabilities and Net Assets		\$ 17,695,314		\$ 16,107,620

See accompanying notes and accountant's review report.

ISLAMIC FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023				2,022
	Without donor restrictions	With donor restrictions	School	Total	Total
Changes in Net Assets					
Revenue and Support					
Contributions	\$ 1,694,206	\$ 1,183,037	\$ 30,000	\$ 2,907,243	\$ 1,766,599
Tuition fees	-	-	3,435,739	3,435,739	2,284,825
Grants	-	-	395,844	395,844	163,182
Loan forgiveness-Payroll Protection Program	-	-	-	-	1,388,730
Weekend school	156,735	-	-	156,735	38,126
Other programs	246,619	-	284,660	531,279	263,148
Fundraising	136,751	-	-	136,751	229,469
Employee retention credit	276,569	-	1,113,679	1,390,248	
Gain(loss)on securities	405,474	-	-	405,474	64,615
Total Unrestricted Revenue and Support	<u>2,916,354</u>	<u>1,183,037</u>	<u>5,259,922</u>	<u>9,359,313</u>	<u>6,198,694</u>
					-
Expenses					
Supporting services					
Program services	-	-	4,911,063	4,911,063	3,408,715
Zakat and Sadaqa	-	1,243,056	-	1,243,056	709,721
Management and general	1,589,751	-	-	1,589,751	928,788
	<u>1,589,751</u>	<u>1,243,056</u>	<u>4,911,063</u>	<u>7,743,870</u>	<u>5,047,224</u>
Increase in Unrestricted/ Restricted Net Assets	1,326,603	(60,019)	348,859	1,615,443	1,151,470
Net Assets at Beginning of Year	7,745,194	866,821	6,781,505	15,393,520	14,224,884
Net Assets at End of Year	<u>\$ 9,071,797</u>	<u>\$ 806,802</u>	<u>\$ 7,130,364</u>	<u>\$ 17,008,963</u>	<u>\$ 15,376,354</u>

See accompanying notes and accountant's review report.

ISLAMIC FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2,023			2,022	
	School	Foundation	Sadaqa/Zakat	Total	Total
Bank charges	\$ 785	\$ 21,407		\$ 22,192	\$ 25,038
Cemetery expense	-	-		-	0
Cleaning and maintenance	208,371	112,841		321,212	252,701
Dues and subscriptions	19,390	-		19,390	24,785
Fundraising expenses	-	40,335		40,335	41,248
Guest speaker	-	850		850	7,900
Insurance	42,688	13,084		55,772	58,541
Occupancy	10,257	5,128		15,385	12,876
Outside services	20,374	24,367		44,741	41,635
Salaries and benefits	3,601,056	790,411		4,391,467	3,481,668
Permits and fees	5,250	27,433		32,683	17,042
Postage	539	1,778		2,317	2,725
Printing	39,720	595		40,315	74,351
Professional fees	61,433	110,242		171,675	59,279
Books	-	15,606		15,606	39,153
Supplies	183,060	6,458		189,518	115,080
Security	61,765	24,629		86,394	120,695
Student activities	148,028	19,866		167,894	24,352
Computer expenses	53,970	47,203		101,173	95,198
Telephone	11,648	6,439		18,087	11,910
Utilities	81,758	40,277		122,035	128,202
Educational programs	26,241	15,560		41,801	69,075
Sadaqa & Zakat payments	-	-	1,243,056	1,243,056	783,776
Depreciation and amortization	253,983	140,423		394,406	357,920
Other	80,747	124,819		205,566	160,741
Total Functional Expenses	\$ 4,911,063	\$ 1,589,751	\$ 1,243,056	\$ 7,743,870	\$ 6,005,891

See accompanying notes and accountant's review report.

ISLAMIC FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Net increase in net assets	1,615,443	\$ 17,166
Adjustments to reconcile changes in net assets to:		
Cash provided by (used in) operating activities		
Depreciation and amortization expense	394,406	357,920
Loan forgiveness- Payroll Protection Program	-	-
(Increase) decrease in:		
Other assets	(227,613)	3,752
Increase (decrease) in:		
Accounts payable and accrued expenses	19,202	99,213
Unearned revenue	91,049	74,354
Other liabilities	(138,000)	123,000
Net cash provided by operating activities	1,754,487	675,405
Cash flows from investing activities		
Change in investment-net	(1,859,726)	60,572
Fixed assets additions	(414,069)	(19,000)
Net cash (used in) investing activities	(2,273,795)	41,572
Net increase (decrease) in cash	(519,308)	716,977
Cash, Beginning of Year	2,739,029	2,022,052
Cash, End of Year	\$ 2,219,721	\$ 2,739,029

See accompanying notes and accountant's review report.

ISLAMIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 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
YEARS ENDED JUNE 30, 2023 AND 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, 2023.

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, 2023.

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.

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 2021, 2020 and 2019 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.

ISLAMIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

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

Revenue recognition

The Foundation recognizes contract revenue from its contracts either on pro-rata basis over a 12-month period, which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract. The funding agencies may at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the grants/contracts.

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 30, 2023, 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 – EMPOWERS GRANT

During the year ended June 30, 2023 and 2022 the Foundation received matching grant from empowers for tuition assistance.

NOTE D - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances at two financial institutions, located in a suburb of Chicago. The account balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, there was an uninsured balance at the financial institution referred to above which approximated \$1,000,800.

The Foundation also has various investment products carried at Fidelity Investments totaling \$5.5 mil which represents approximately 32.37% of its Net Assets.

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

ISLAMIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE E - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through March 22, 2024, 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 March 22, 2024, which would require adjustments to or disclosure in the accompanying financial statements.