

ISLAMIC FOUNDATION  
**FINANCIAL STATEMENTS**  
YEAR ENDED JUNE 30, 2021

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# SCHULTZ & CHEZ, L.L.P.

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
ISLAMIC FOUNDATION  
Villa Park, Illinois

We have audited the accompanying financial statements of ISLAMIC FOUNDATION, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended and the 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ISLAMIC FOUNDATION as of June 30, 2021, and the results of their operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Schultz & Chez, LLP*

Chicago, Illinois  
December 15, 2021

ISLAMIC FOUNDATION  
**STATEMENT OF FINANCIAL POSITION**  
 JUNE 30, 2021

<b>Assets</b>		
Current assets		
Cash in bank-unrestricted	\$ 999,105	
Cash in bank-Sadaqa/Zakat	<u>1,022,947</u>	\$ 2,022,052
Investments held by broker		
Money market fund balance	\$ 3,912,100	
Marketable securities (at fair value)	<u>129,830</u>	4,041,930
Other assets		<u>38,516</u>
Total current assets		<u>6,102,498</u>
Property, equipment and leasehold improvements		
Land and building		13,393,313
Furniture and equipment		<u>356,461</u>
		13,749,774
Less: accumulated depreciation and amortization		<u>(4,058,385)</u>
Net property and equipment		<u>9,691,389</u>
Total Assets		<u><u>\$ 15,793,887</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses		\$ 296,021
Unearned revenue		106,512
Other liabilities		<u>15,000</u>
Total current liabilities		<u>417,533</u>
<b>Net Assets</b>		
With donor restrictions		591,135
Without donor restrictions		7,173,207
School fund		<u>7,612,012</u>
TOTAL NET ASSETS		15,376,354
Total Liabilities and Net Assets		<u><u>\$ 15,793,887</u></u>

See accompanying notes.

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

	Without donor restrictions	With donor restrictions	School	Total
<b>Changes in Net Assets</b>				
<b>Revenue and Support</b>				
Contributions	\$ 824,729	\$ 941,870	\$ -	\$ 1,766,599
Tuition fees	-	-	2,284,825	2,284,825
Grants	-	-	163,182	163,182
Loan forgiveness-Payroll Protection Program	253,655	-	1,135,075	1,388,730
Weekend school	38,126	-	-	38,126
Other programs	236,274	-	26,874	263,148
Fundraising	229,469	-	-	229,469
Other	64,615	-	-	64,615
Total Unrestricted Revenue and Support	1,646,868	941,870	3,609,956	6,198,694
<b>Expenses</b>				
Supporting services				
Program services	-	-	3,408,715	3,408,715
Management and general	928,788	709,721	-	1,638,509
	928,788	709,721	3,408,715	5,047,224
<b>Increase in Unrestricted/ Restricted Net Assets</b>	718,080	232,149	201,241	1,151,470
<b>Net Assets at Beginning of Year</b>	6,455,127	358,986	7,410,771	14,224,884
<b>Net Assets at End of Year</b>	\$ 7,173,207	\$ 591,135	\$ 7,612,012	\$ 15,376,354

See accompanying notes.

ISLAMIC FOUNDATION  
**STATEMENT OF FUNCTIONAL EXPENSES**  
YEAR ENDED JUNE 30, 2021

	School	Foundation	Sadaqa/Zakat	Total
Bank charges	\$ -	\$ 1,275		\$ 1,275
Cemetary expense	-	55,651		55,651
Cleaning and maintenance	97,694	75,616		173,310
Dues and subscriptions	13,630	-		13,630
Fundraising expenses	-	3,731		3,731
Guest speaker	-	1,200		1,200
Insurance	29,929	12,458		42,387
Occupancy	7,515	3,758		11,273
Outside services	16,023	12,511		28,534
Salaries and benefits	2,524,087	509,812		3,033,899
Permits and fees	3,290	7,854		11,144
Postage	739	1,210		1,949
Printing	51,015	78		51,093
Professional fees	-	24,559		24,559
Books	17,132	18,895		36,027
Supplies	153,782	8,202		161,984
Banquet hall	-	69		69
Security	16,110	6,870		22,980
Student activities	7,378	-		7,378
Computer expenses	87,640	14,905		102,545
Telephone	7,597	4,370		11,967
Utilities	51,170	25,580		76,750
Educational programs	25,560	5,077		30,637
Zakat payments	-	-	709,721	709,721
Depreciation and amortization	253,983	103,937		357,920
Other	44,441	31,170		75,611
<b>Total Functional Expenses</b>	<b>\$ 3,408,715</b>	<b>\$ 928,788</b>	<b>\$ 709,721</b>	<b>\$ 5,047,224</b>

See accompanying notes.

ISLAMIC FOUNDATION  
**STATEMENT OF CASH FLOWS**  
YEAR ENDED JUNE 30, 2021

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**Cash flows from operating activities**

Net increase in net assets	\$	1,151,470
Adjustments to reconcile changes in net assets to:		
Cash provided by (used in) operating activities		
Depreciation and amortization expense		357,920
Loan forgiveness- Payroll Protection Program		(782,716)
(Increase) decrease in:		
Other assets		(27,356)
Increase (decrease) in:		
Accounts payable and accrued expenses		148,766
Unearned revenue		(5,759)
Other liabilities		15,000
Net cash provided by operating activities		857,325

**Cash flows from investing activities**

(Increase) in investments		(1,028,790)
Net cash (used in) investing activities		(1,028,790)

**Net increase (decrease) in cash** (171,465)

**Cash, Beginning of Year** 2,193,517

**Cash, End of Year** \$ 2,022,052

See accompanying notes.

ISLAMIC FOUNDATION  
**NOTES TO FINANCIAL STATEMENTS**  
YEAR ENDED JUNE 30, 2021

***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, 2021

***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, 2021.

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 2,500 hours to the Foundation during the year ended June 30, 2021.

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 2019, 2018 and 2017 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**  
YEAR ENDED JUNE 30, 2021

***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, 2021, 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 - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE***

During the year ended June 30, 2020, the Foundation received \$782,716 in loan proceeds granted under the Paycheck Protection Program (“PPP”), established by the CARES Act, which was designed to provide a direct incentive for small operations to keep their workers on the payroll. The loan payable, and any accrued interest thereon, was eligible for forgiveness and was forgiven during the year ended June 30, 2021. Also, during the year ended June 30, 2021, the Foundation applied for and was granted an additional loan in the amount of \$606,014, which also was forgiven. The aggregate forgiven amount of the two loans totaled \$1,388,730 and is reflected as revenue in the Statement of Activities in the current year.

***NOTE D - 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, 2021, there was an uninsured balance at the financial institution referred to above which approximated \$1,772,000.

The Foundation also has various investment products carried at Fidelity Investments totaling \$4,041,930 which represents approximately 26% of its Net Assets.

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

***NOTE E - COVID-19 RISK DISCLOSURE***

The Company continues to monitor the risk posed by the ongoing COVID-19 pandemic. Certain impacts from the COVID-19 outbreak may have a significant negative impact on the Company’s operations and performance. These circumstances may continue for an extended period of time, and may have an adverse impact on economic and market conditions. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual companies, are not known. The extent of the impact to the financial performance and the operations of the Company will depend on future developments, which are highly uncertain and cannot be predicted.

ISLAMIC FOUNDATION  
**NOTES TO FINANCIAL STATEMENTS**  
YEAR ENDED JUNE 30, 2021

***NOTE F - SUBSEQUENT EVENTS***

The Foundation has evaluated subsequent events through December 15, 2021, 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 15, 2021, which would require adjustments to or disclosure in the accompanying financial statements.