

Boston Islamic Seminary, Inc.

Financial Statements

Year Ended June 30, 2021

Prepared By

W.A. Leonard & Company, P.C.
Certified Public Accountants

Boston Islamic Seminary, Inc.
Table of Contents

Independent Auditors' Report

Financial Statements:

Exhibit

Statement of Financial Position
As of June 30, 2021

A

Statement of Activities and Changes in Net Assets
For Year Ended June 30, 2021

B

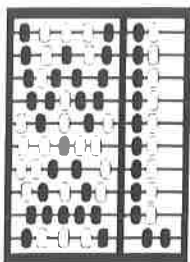
Statement of Functional Expenses
For Year Ended June 30, 2021

C

Statement of Cash Flows
For Year Ended June 30, 2021

D

Notes to the Financial Statements



W. A. LEONARD & COMPANY, P.C.

Certified Public Accountants

Norwood Corporate Center
1500 Boston-Providence Highway
Suite 36
Norwood, Massachusetts 02062
Telephone: 781 762-2027
Telecopier: 781 762-7681

Independent Auditors' Report

To the Board of Trustees of
Boston Islamic Seminary, Inc.,
60 Willow Street
Chelsea, Massachusetts

Opinion

We have audited the accompanying financial statements of Boston Islamic Seminary, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Islamic Seminary, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boston Islamic Seminary, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boston Islamic Seminary, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report
(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Boston Islamic Seminary, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boston Islamic Seminary, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

W.A. Leonard & Co., P.C.

W. A. Leonard & Company, P.C.
Certified Public Accountants

April 18, 2022

Financial Statements

BOSTON ISLAMIC SEMINARY INC
Statement of Financial Position
As of June 30, 2021

Assets

Current Assets

Cash	\$ 1,007,419
Marketable Securities	<u>121,757</u>

Total Current Assets \$ 1,129,176

Other Current Assets

Security Deposit	<u>\$ 3,500</u>
------------------	-----------------

Total Current Assets \$ 3,500

Total Assets \$ 1,132,676

Liabilities and Net Assets

Current Liabilities

Account Payable	\$ 7,602
Payroll Taxes Payable	1,839
Direct Deposit Payable	1,613
Loans Payable	<u>349,406</u>

Total Current Liabilities \$ 360,460

Net Assets

Net Assets Without Donor Restriction	<u>\$ 772,216</u>
--------------------------------------	-------------------

Total Net Assets \$ 772,216

Total Liabilities and Net Assets \$ 1,132,676

BOSTON ISLAMIC SEMINARY INC
Statement of Activities and Changes in Net Assets
For Year Ended June 30, 2021

Changes in Net Assets Without Donor Restriction**Revenue and Support**

Annual Fund	\$ 608,236
Tuition	16,425
Donation Income	<u>11,227</u>

Total Revenue and Support \$ 635,888

Operating Expenses

Salaries	\$ 102,055
Payroll Taxes	8,179
Employee Benefits	22,691
Consultant	29,882
Accounting	3,969
Instructors	29,497
Utilities	2,413
Rent	31,500
Bank Service Charges	96
Dues & Subscription	1,893
Office Supplies	223
Advertising	1,146
Workman Comp	2,686
Legal Expense	4,253
Software Subscriptions	5,399
Fundraising Events	2,600
Postage & Delivery	6
Investment Fees	<u>391</u>

Total Operating Expenses \$ 248,879

Operating Income (Loss) \$ 387,009

Other Income (Expenses)

Loan Forgiveness	\$ 44,000
Investment Income-Interests	1
Investment Income-Dividends	460
Investment Income-Capital Gain/(Loss)	56
Change In Market Value	<u>14,896</u>

Total Other Income (Expenses) \$ 59,413

Increase /(Decrease) in Net Assets Without Donor Restriction \$ 446,422

Net Assets Without Donor Restrictions at Beginning of the Year \$ 325,794

Net Assets Without Donor Restriction at End of Year \$ 772,216

Boston Islamic Seminary, Inc.
Statements of Functional Expenses
For Year Ended June 30, 2021

	<u>Program</u> <u>Expenses</u>	<u>Fundraising</u> <u>Expenses</u>	<u>General &</u> <u>Administrative</u> <u>Expenses</u>	<u>Total</u>
Payroll Expense	\$ -	\$ -	\$ 102,055	\$ 102,055
Payroll Taxes	-	-	8,179	8,179
Employee Benefits	-	-	22,691	22,691
Professional Fees	-	-	8,613	8,613
Consultant	29,882	-	-	29,882
Instructors	29,497	-	-	29,497
Storage	-	-	-	-
Bank Service Charges	-	-	96	96
Dues and Subscriptions	-	-	1,893	1,893
Advertising and Promotion	1,146	-	-	1,146
Office Expenses	229	-	-	229
Rent	31,500	-	-	31,500
Travel	-	-	-	-
Insurance	2,686	-	-	2,686
Fellowship Expense	-	-	-	-
Speaker Fees	-	-	-	-
Relocation Expense	-	-	-	-
Software Subscription	5,399	-	-	5,399
Utilities	2,413	-	-	2,413
Fundraising Events	-	2,600	-	2,600
Total	<u>102,752</u>	<u>2,600</u>	<u>143,527</u>	<u>248,879</u>

BOSTON ISLAMIC SEMINARY INC
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows from Operating Activities

Net Income (Loss)	\$ 446,422
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used In) Operating Activities:	
Investment Income	(15,413)
(Increase) Decrease in Operating Assets:	
Security Deposit	(3,500)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(8,724)
Accrued Expense	(3,721)
Other Liabilities	308,187
Total Adjustments	<u>\$ 276,829</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 723,251</u>

Cash Flows from Financing Activities

Contribution to Investment Account	<u>\$ (101,332)</u>
Net Cash Provided By (Used In) Financing Activities	<u>\$ (101,332)</u>
Net Increase (Decrease) In Cash	\$ 621,919
Cash, Beginning of Year	<u>385,500</u>
Cash, End of Year	<u><u>\$ 1,007,419</u></u>

Supplemental Disclosures:

Interest Paid During Year	<u>\$ 0</u>
Income Taxes Paid During Year	<u>\$ 0</u>

Notes to Financial Statements

Boston Islamic Seminary, Inc.
Notes to the Financial Statements
June 30, 2021

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

A. Nature of Activities

Boston Islamic Seminary, Inc (the Organization) was incorporated under the laws of the Commonwealth of Massachusetts on July 1, 2018. The mission of the Seminary is to prepare exemplary and professional American Muslim religious leaders for the present and future. It is the spiritual view of the founders that Islam is relevant for all times and places, but that the needs of people and the best application of Islamic principles vary by context. This religious goal is to train students to become deeply conversant with the Qur'an, Sunnah, and the scholarly tradition of Islam religion as it has evolved over time, incorporating the history and socio-cultural context that shapes Islam in America and throughout the world. The educational programs seek to provide American Muslims with the tools required to serve communities with compassion in a multitude of roles. The organization will work zealously to develop vibrant members of America's pluralistic society, collaborating with people of all other faiths and beliefs on matters of common concern towards creating a better world for all.

B. Basis of Accounting

The entity prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues are recognized when earned and expenses are recognized when incurred.

In accordance with Financial Accounting Standards Board – Accounting Standards Update 2016-14, Financial Statements of Not-for-Profit Organizations, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions which the Organization may use at its discretion. Available for operations included those net assets available for the general operating support and the net investment in property, plant, and equipment.

Net assets with donor restrictions – Net assets with donor-imposed restrictions that may or will be met by actions of the Organization and /or the passage of time or be maintained in perpetually by the organization.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreased in net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets unless their use is restricted by explicit donor stipulations or law.

Boston Islamic Seminary, Inc.
Notes to the Financial Statements
June 30, 2021

As of December 31, 2021, all net assets were without donor restrictions.

C. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Donated services

No amounts have been reflected in the statements for donated services because they did not meet the criteria for recognition under Financial Accounting Standards Board - Accounting Standards Codification No. 310 formerly known as SFAS No. 116.

E. Contributions

Contributions received are recorded based on existence or absence of donor-imposed restrictions. For the year ended June 30, 2021, all contributions are unrestricted.

F. Income Taxes

The Organization is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

G. Cash

Certain bank cash balances maintained by the Seminary periodically exceed the limit of insurance coverage provided by the Federal Deposit Insurance Corporation. Management is of the opinion that the risk of loss is minimal.

H. Compensated Absences

Due to a lack of materiality and inability to determine compensated absences, an accrual has not been provided for on these financial statements.

Boston Islamic Seminary, Inc.
Notes to the Financial Statements
June 30, 2021

I. Income Taxes

Boston Islamic Seminary, Inc., is exempt from federal income tax pursuant to IRC 501(C)(3) and, as such, files nonprofit tax returns with the U.S. Treasury. The U.S. Treasury has the authority to examine tax filings and as of the date of this report; the periods that statutorily could be examined would include the years ended June 30, 2019, 2020 and 2021. No examination notifications have been received as of the date of this report. The Organization management is of the opinion there are no uncertain tax positions as articulated via FASB ASC 740.

J. Donated Services

No amounts have been reflected in the financial statements for donated services because they did not meet the criteria for recognition under Financial Accounting Standards Board - Accounting Standards Codification #958. Management estimates that 5 volunteers helping in the academic administrative donated approximately 140 hours per person, per year.

K. Liquidity and Availability

Within one year of the June 30, 2021, balance sheet, financial assets available for general expenditure without donor or other restrictions consisted of the following:

Cash	\$ 1,007,419
Investment	<u>121,757</u>
Total	<u>\$ 1,129,176</u>

L. Marketable Securities

Consistent with FASB ASU 2016-01, the Organization's investments in marketable securities are stated at fair value. Fair value is 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 date of measurement.

U.S. generally accepted accounting principles establish a framework for measuring fair value. Said framework provides a fair value hierarchy that prioritizes the inputs to

measure fair value. There are three different levels of the fair value hierarchy as described below:

Level 1 measurements provide the highest priority by utilizing quoted market prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.

Boston Islamic Seminary, Inc.
Notes to the Financial Statements
June 30, 2021

Level 2 measurements provide observable market-based inputs or unobservable inputs that are corroborated by market data, such as quoted prices for similar assets or liabilities or model derived valuations.

Level 3 measurements provide the lowest priority as values are determined by unobservable inputs that are not corroborated by market data. These inputs would reflect the Organization's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

For the year ending December 31, 2021, the holdings maintained at Hoopoe Advisors consisted of cash and money market accounts, U.S. equities and international equities. There were unrealized gains as of December 31, 2021, of \$17,038; the cost/basis of said marketable securities were \$104,719. . All holdings meet the criteria of a Level 1 measurement.

A summary of said marketable securities, at fair market value is as follows:

Cash and Cash Equivalents	\$ 6,562
U. S. Equities	113,552
International Equities	1,643
Total	<u>\$121,757</u>

M. Loans Payable and Loan Forgiveness

The Seminary received a Payroll Protection Plan loan from the United States government as a result of the COVID 19 pandemic in the amount of \$44,000. The Organization utilized the funds consistent with the legal requirements which resulted in loan forgiveness of the entire amount. Said income is reported on the statement of activities and changes in net assets as a component of other income.

As of June 30, 2021, there were three loans outstanding in the combined amount of \$349,406. Said loans, consistent with religious requirements, did not require the payment of interest and were made by members of the Seminary. Said loans are of a short-term nature and \$274,406 were repaid to the salient lenders by mid-March 2022.

N. Rental Activities

The Organization paid facility rent to an unrelated party totaling \$31,500 during fiscal year ending June 30, 2021. The lease terminated on February 28, 2021.

Boston Islamic Seminary, Inc.
Notes to the Financial Statements
June 30, 2021

O. Subsequent Events

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of the coronavirus originating in Wuhan, China (the "Covid-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the Covid-19 as a pandemic, based on the rapid increase in exposure globally.

The full impact of the Covid-19 outbreak continues to evolve as of the date of the report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, donors, industry, and workforce. Given the daily evolution of the Covid-19 and global response to curb its spread the Organization is not able to estimate the effects of the Covid-19 outbreak on its results of operation, financial condition, or the liquidity of fiscal year 2022.

Management has evaluated all subsequent events as of April 18, 2022; the date the financial statements were available to be issued; and has determined that there has been no activity that merits disclosure in these financial statements.