

**Boston Islamic Seminary, Inc.**

**Financial Statements**

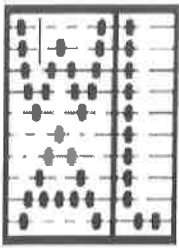
**Years Ended June 30, 2023 and 2022**

Prepared By

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

**Boston Islamic Seminary, Inc.**  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Boston Islamic Seminary, Inc.  
Chelsea, MA 02150

### 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 30, 2023, 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 Boston Islamic Seminary, Inc. as of June 30, 2023, and its activities and changes in net assets, functional expenses, 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Prior Period Financial Statements

The 2022 financial statements were reviewed by us and our report thereon, dated November 8, 2022, stated we were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

### 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 & COMPANY, P.C.  
Certified Public Accountants  
Norwood, Massachusetts

March 6, 2024

## Financial Statements

**BOSTON ISLAMIC SEMINARY INC**

## Statements of Financial Position

June 30, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 656,854	\$ 771,326
Investment	36,580	32,521
Accounts receivable - net	6,737	14,150
<b>Total current assets</b>	<b>700,171</b>	<b>817,997</b>
<b>OTHER ASSETS</b>		
Security deposit	3,500	3,500
<b>Total assets</b>	<b>703,671</b>	<b>821,497</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	386	7,727
Accrued expenses	10,000	7,752
Loans payable	75,000	75,000
<b>Total current liabilities</b>	<b>85,386</b>	<b>90,479</b>
<b>NET ASSETS</b>		
Net assets without donor restrictions	618,285	731,018
<b>Total net assets</b>	<b>618,285</b>	<b>731,018</b>
<b>Total liabilities and net assets</b>	<b>\$ 703,671</b>	<b>\$ 821,497</b>

**BOSTON ISLAMIC SEMINARY INC**

## Statements of Activities and Changes in Net Assets

Years ended June 30, 2023 and 2022

	2023	2022
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUES AND SUPPORT</b>		
Tuition and fees	\$ 202,001	\$ 91,414
Less financial aid	(11,111)	-
Net Tuition and fees	190,890	91,414
Contributions and donations	552,128	345,218
<b>Total revenues and support</b>	<b>743,018</b>	<b>436,632</b>
<b>EXPENSES</b>		
Program services	509,133	112,176
General and administrative	181,449	350,493
Fundraising	165,743	1,334
<b>Total expenses</b>	<b>856,325</b>	<b>464,003</b>
<b>OTHER INCOME</b>		
Investment income	574	(13,827)
<b>Total other income</b>	<b>574</b>	<b>(13,827)</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>(112,733)</b>	<b>(41,198)</b>
<b>Net assets without donor restrictions – beginning of year</b>	<b>731,018</b>	<b>772,216</b>
<b>Net assets without donor restrictions – end of year</b>	<b>\$ 618,285</b>	<b>\$ 731,018</b>

**BOSTON ISLAMIC SEMINARY INC**

## Statements of Functional Expenses

For the Years Ended June 30, 2023 and 2022

	2023			2022	
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries and wages	\$ 208,489	\$ 67,549	\$ 88,728	\$ 364,766	\$ 242,189
Housing	104,450	17,837	4,463	126,750	42,000
Payroll taxes	16,977	5,232	7,225	29,434	22,506
Employee benefit	55,541	17,118	23,637	96,296	17,059
Instructors	101,605	-	-	101,605	57,012
Professional fees	4,960	29,358	-	34,318	39,096
Software subscriptions	-	13,547	-	13,547	9,330
Dues & subscriptions	13,578	-	-	13,578	12,615
Bank fees	-	11,970	-	11,970	7,915
Advertising and promotions	-	18,100	-	18,100	5,102
Fundraising events	-	-	41,690	41,690	1,334
Office expenses	-	738	-	738	1,895
Insurance	1,048	-	-	1,048	2,407
Travel expense	2,485	-	-	2,485	3,543
<b>Total expenses</b>	<b>\$ 509,133</b>	<b>\$ 181,449</b>	<b>\$ 165,743</b>	<b>\$ 856,325</b>	<b>\$ 464,003</b>



**BOSTON ISLAMIC SEMINARY INC**

## Statements of Cash Flows

For The Years Ended June 30, 2023 and 2022

	2023	2022
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (112,733)	\$ (41,198)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized loss on investment	-	14,947
<b>Decrease (increase) in operating assets and liabilities:</b>		
Account receivable	7,413	(14,150)
Account payable	(7,341)	125
Accrued expense	2,248	-
Other liabilities	-	(270,106)
<b>Net cash used In operating activities</b>	<b>(110,413)</b>	<b>(310,382)</b>
<b>Cash flows from investing activities</b>		
(Increase) decrease in investments	(4,059)	74,289
<b>Net cash (applied to) provided by investing activities</b>	<b>(4,059)</b>	<b>74,289</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(114,472)</b>	<b>(236,093)</b>
<b>Beginning cash and cash equivalents</b>	<b>771,326</b>	<b>1,007,419</b>
<b>Ending cash and cash equivalents</b>	<b>\$ 656,854</b>	<b>\$ 771,326</b>

## Notes to Financial Statements

## **BOSTON ISLAMIC SEMINARY, INC.**

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Notes to the Financial Statements  
June 30, 2023, and 2022

### **Note 1 Nature of Activities**

Boston Islamic Seminary, Inc (the Seminary) was incorporated under the laws of the Commonwealth of Massachusetts on July 1, 2018. Our mission is to prepare exemplary and professional American Muslim religious leaders which arises from our belief that Islam is relevant for all times and all places, but that the needs of people and the best application of Islamic principles vary by context. Our goal is to train our students to become deeply conversant with the Qur'an, Sunnah and the scholarly tradition of Islam as it has been elaborated over time, as well as the historical and socio-cultural context that shapes Islam in America. Through our educational programs we seek to provide American Muslims with the tools required to serve communities with compassion in a variety of roles. We believe that Muslims should be vibrant members of America's pluralistic society, working collaboratively with people of other faiths on matters of common concern towards a better world for all.

### **Note 2 Significant Accounting Policies**

#### **Basis of Accounting**

The financial statements of the Seminary have been prepared on the accrual basis of accounting.

#### **Financial Statement Presentation**

The Seminary has adopted the Financial Accounting Standards Board's Accounting Standard Update- (ASU) 2016-14, "Presentation of Financial Statements of Not-For-Profit Entities" (Topic 958). The ASU is intended to improve net asset classification requirements, as well as information presented in financial statements and notes about a not-for-profit entity's liquidity and availability of resources, and its expenses. The Seminary has adopted and implemented the provisions of ASU.

Under the ASU, the Seminary is required to present in its statements of financial position and changes in net assets, two classes of net assets based on the existence or absence of donor-imposed restrictions as discussed below.

Net Assets Without Donor Restrictions – Net assets available for use in general operations are not subject to donor restrictions. At its discretion, the Board of Directors may designate from net assets without donor restrictions amounts to be used for specific purposes.

Net Assets With Donor Restrictions – Net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time, the occurrence of certain events, or by the use of the funds as specified by the donor. Other donor-imposed restrictions may be perpetual in nature where the donor stipulates that the funds be maintained in perpetuity.

Donor restricted support is recorded as "net assets with donor restriction" when received or pledged. When a temporary donor-imposed restriction expires, either by use of the funds for the specified purpose, or by the expiration of a time restriction, related amounts of "net assets with donor restrictions" are reclassified to "net assets without donor restrictions" and reported in the statement of activities and changes in net asset as "net assets released from restrictions". There was no net asset with donor restrictions in 2023 and 2022.

## **BOSTON ISLAMIC SEMINARY, INC.**

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Notes to the Financial Statements  
June 30, 2023, and 2022

### **Note 2 Significant Accounting Policies (continued)**

#### **Use of Estimates**

In preparing Seminary's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Fair Value Measurements**

Fair Value Measurements follows the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820, "Fair Value Measurements", for assets and liabilities that are measured and recorded at fair value on a recurring basis, principally its investments in marketable securities. This standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

#### **Fundraising**

Fundraising relates to the activities of raising general and specific contributions to the Seminary and promoting special events. Fundraising expenses as a percentage of total expenses and for the years ended June 30, 2023, and 2022, respectively. The ratio of expenses to amounts raised is computed using actual expenses on an accrual basis.

#### **Functional Allocation of Expenses**

The cost of providing various programs and activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to program and fundraising. Management and general includes those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

Payroll and associated costs are allocated to the functions based upon time studies. Occupancy costs are allocated based upon square footage.

#### **Cash**

The Seminary considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

The Seminary maintains its cash balances at several financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Seminary has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2023.

## **BOSTON ISLAMIC SEMINARY, INC.**

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Notes to the Financial Statements  
June 30, 2023, and 2022

### **Note 2 Significant Accounting Policies (continued)**

#### **Account Receivable**

When considered necessary by management, accounts receivable are stated net of an allowance for doubtful accounts, which would be reported on the Seminary's statement of financial position. The allowance is established via a provision for bad debts charged to operations. On a periodic basis, management evaluates its account receivable and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible, based on evaluation of the collectability of individual accounts, the Seminary's history of prior loss experience, and on current economic conditions. Accounts are written off and charged against allowance when management believes that the collectability of the specific account is unlikely.

#### **Investments**

Investments in marketable equity securities with a readily determinable fair value and all debt securities are reported at fair value, with unrealized gains and losses reflected in the statement of activities.

#### **Revenue Recognition**

The Seminary earns support and revenue as follows:

**Tuition Revenue** - A substantial portion of the Seminary's revenue is derived from student tuition and fees. The seminary satisfies its performance obligations for tuition and fees evenly over the contract term, which is the academic year as instruction is provided. The stated rates do not vary over the contracts; therefore, the contracts do not contain variable consideration.

The Seminary's revenue is satisfied over time. There are no financing components in the Seminary's revenue stream and payments are due under one year.

**Contributions** - In accordance with ASC Subtopic 958-605, Revenue Recognition, the Seminary must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Seminary should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

## **BOSTON ISLAMIC SEMINARY, INC.**

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Notes to the Financial Statements  
June 30, 2023, and 2022

### **Note 2 Significant Accounting Policies (continued)**

#### **Revenue Recognition (continued)**

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special events revenue is recognized when earned and is shown net of related direct expenses in the accompanying statement of activities.

#### **Contributed Services and Gifts in Kind**

Donated materials are reported as contributions in the financial statements at their estimated fair values at the time of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by Seminary. Volunteers also provided fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

#### **Tax Status**

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC. For the years ended June 30, 2023, and 2022, there was no liability for tax on unrelated business income.

Generally, the Organization's information returns remain open for possible examination for three years after the filing date. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2019 remain open. As June 30, 2023, the Organization believes that there are no uncertain tax positions with any of its open tax years.

#### **Statements of Cash Flows**

For the purpose of the statements of cash flows; cash consists of a bank checking account. There are no restrictions on withdrawals.

### **Note 3 Investments**

Valuation techniques used to measure the fair value of investments in marketable securities maximize the use of observable inputs and minimize the use of unobservable inputs under a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three-tiers are defined under generally accepted accounting principles as:

## BOSTON ISLAMIC SEMINARY, INC.

Notes to the Financial Statements  
June 30, 2023, and 2022

### Note 3 Investments (continued)

Level 1 - Observable inputs such as quoted prices in active markets.

Level 2 - Inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 - Unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions, which are significant to the fair value measurement.

The following is a schedule of investments in marketable securities at fair value, by level within the fair value hierarchy and by type as June 30, 2023. There were no marketable securities at June 30, 2022.

2023					
	Cost	Level 1	Level 2	Level 3	Market total
Equity Securities	\$ 31,112	\$ 36,580	\$ -	\$ -	\$ 36,580

2022					
	Cost	Level 1	Level 2	Level 3	Market total
Equity Securities	\$ 31,112	\$ 32,521	\$ -	\$ -	\$ 32,521

Net investment income consisted of the following for the years ended June 30, 2023 and 2022.

	2023	2022
Interest and dividends	\$ 478	\$ 1,120
Realized and unrealized gain (loss) on investments	96	(14,947)
Net investment income	\$ 574	\$ (13,827)

### Note 4 Loan payable

Loans payables consist of the following at June 30, 2023.

\$50,000 unsecured, non-interest-bearing term note was due November 11, 2021. The loan is currently due on demand. The lender has not requested repayment.

\$25,000 unsecured, non-interest-bearing term note due December 20, 2025.

During December 2023, subsequent to year end of June 30, 2023, both loans were repaid and are no longer obligations of the Seminary.

**BOSTON ISLAMIC SEMINARY, INC.**

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Notes to the Financial Statements  
June 30, 2023, and 2022

**Note 5 Liquidity and availability of resources**

The following reflects the Seminary’s financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date.

Financial assets at year end	
Cash	\$ 656,854
Investment	36,580
Accounts receivable - net	<u>6,737</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 700,171</u>

**Note 6 Subsequent Events**

The Organization has performed an evaluation of subsequent events through March 6, 2024, which is the date the Project’s financial statements were available to be issued. No material subsequent events have occurred since June 30, 2023, that required recognition or disclosure in these financial statements.