

**NORTHWEST ISLAMIC COMMUNITY CENTER**

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2019**

**SIDDIQUI & BASNET LLC  
2429 UNIVERSITY AVENUE, SUITE #100  
ST. PAUL, MN 55114**

**NORTHWEST ISLAMIC COMMUNITY CENTER  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
**Northwest Islamic Community Center**  
Plymouth, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Northwest Islamic Community Center(NWICC), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, 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 from material misstatements.

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 **Northwest Islamic Community Center**, as of December 31, 2019, 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.

*Siddiqui & Basnet LLC*

**Saint Paul, Minnesota**

**December 15<sup>th</sup>, 2020**

NORTHWEST ISLAMIC COMMUNITY CENTER  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2019

		2019	
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			Note #
	Cash and cash equivalents	\$ 524,746	A
	Pledge receivable, net	37,236	A
	Other current asset	28,091	E
	Total Current Assets	590,073	
<b>FIXED ASSETS:</b>			
	Land	160,000	C
	Building	1,434,443	
	Equipment	71,351	
	Intangible asset	23,309	
	Accumulated amortization	(12,820)	
	Accumulated depreciation	(268,527)	
	Total Fixed Assets	1,407,756	
	<b>Total Assets</b>	<b>\$ 1,997,829</b>	
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES:</b>			
	Accounts payable	\$ 1,921	
	Payroll liabilities	2,124	
	Total Current Liabilities	4,045	
<b>NET ASSETS:</b>			
	Without donor restrictions		
	Undesignated	1,593,784	
	Designated by the Board for building	400,000	
		1,993,784	
	With donor restrictions	-	
		-	
	Total Net Assets	1,993,784	
	<b>Total Liabilities and Net Assets</b>	<b>\$ 1,997,829</b>	\$ -

See Independent Auditor's report and notes to financial statement

NORTHWEST ISLAMIC COMMUNITY CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note #	2019		Total
		Without Donor Restrictions	With Donor Restrictions	
<b>REVENUE AND OTHER SUPPORT</b>				
Public Support and Contributions		\$ 427,505	\$ -	\$ 427,505
Tuition Payments		58,382	-	58,382
Membership Fees		46,704	-	46,704
Rental Income		47,720	-	47,720
Total Revenue and other support		580,311	-	580,311
<b>EXPENSES:</b>				
Program Services		198,287	-	198,287
Management and General		156,779	-	156,779
Total Expenses		355,066	-	355,066
<b>CHANGE IN NET ASSETS</b>		225,245	-	225,245
<b>NET ASSETS, BEGINNING OF YEAR</b>		1,768,539	-	1,768,539
<b>NET ASSETS, END OF YEAR</b>		\$ 1,993,784	\$ -	\$ 1,993,784

See Independent Auditor's report and notes to financial statement

**NORTHWEST ISLAMIC COMMUNITY CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>		
	Program Service	Management and General	Total
Bank Charges	-	8,706	8,706
Building Expenses	-	8,643	8,643
Bad Debt Expense	-	1,960	1,960
Charitable Contribution	15,414	-	15,414
Community Services	600	-	600
Eid and other fundraising events	5,278	-	5,278
Insurance	-	3,108	3,108
Legal and Professional	-	5,465	5,465
Mosque Expense	1,701	-	1,701
Office Expense	-	6,250	6,250
Outside Service	1,630	-	1,630
Salaries and Payroll Taxes	141,804	-	141,804
Ramadan Expense	16,903	-	16,903
Real Estate Taxes	-	7,633	7,633
Repair and Maintenance	-	16,389	16,389
Sunday School Expense	12,086	-	12,086
Security	-	16,798	16,798
Honorariums	2,028	-	2,028
Utilities	-	33,257	33,257
Zakat and Food Drive	843	-	843
Operating Expenses	\$ 198,287	\$ 108,209	\$ 306,496
Depreciation and Amortization	-	48,570	48,570
Total Expenses	<u>\$ 198,287</u>	<u>\$ 156,779</u>	<u>\$ 355,066</u>

See Independent Auditor's report and notes to financial statement

**NORTHWEST ISLAMIC COMMUNITY CENTER  
STATEMENT OF CASH FLOW  
YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in Net Assets	\$ 225,245
Adjustments to Reconcile Change in Net Funds to Net Cash Provided by Operating Activities:	
Changes in Operating Assets and Liabilities	
Depreciation and Amortization	48,570
Other Current Asset	80,809
Payroll Liabilities	140
Accounts Payable	1,921
Receivable	(30,636)
Net Cash Provided by Operating Activities	326,049
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Fixed Asset	(30,697)
Net Cash Provided by Investing Activities	(30,697)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 295,352
 Cash and Cash Equivalents - Beginning of Year	 229,394
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	 \$ 524,746

See Independent Auditor's report and notes to financial statement



**NORTHWEST ISLAMIC COMMUNITY CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Northwest Islamic Community Center (NWICC), a not for profit organization was formed in 2009. NWICC is organized exclusively for religious activities shall include, but not be limited to, charitable, social activities and educational purposes. The aim and purposes of NWICC are to serve the best interest of Islam and Muslims of Minnesota, particularly the Muslims living in West and Northwest Metropolitan Area.

The objectives of the NWICC include the following:

- To conduct religious services in accordance with the faith of Islam
- To conduct social, cultural, educational, religious and other activities in the traditions of Islam.
- To promote unity and joint action among the Muslims.
- To arrange and hold congregational prayers and Islamic religious festivals in accordance with Quran and authentic Sunnah
- To promote friendly relations and understanding between Muslims and non-Muslims.
- To engage Muslim children and youth in Islamic teachings and traditions
- To make NWICC and its facilities welcoming to all Muslims, particularly to the younger generation.

**Revenue and Revenue Recognition**

The organization recognizes contribution when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Condition promises to give- that is, those with a measurable performance or other barrier and a right of return- are not recognized until the conditions on which they depend have been met. The organization doesn't have any contribution with conditional promise.

A portion of the organization's revenue is derived from the lease agreement with United Postal Service are recognized as revenue. Membership dues which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The organization recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately.

Organization also derived revenue from Sunday school students. The organization recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering religious educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Organization recognized \$58,382 in 2019.

**NORTHWEST ISLAMIC COMMUNITY CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

The financial statements of the NWICC have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require NWICC to report information regarding its financial position and activities according to the following net asset classifications

**Net assets without donor restrictions:** Net asset that are subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of NWICC's management and the board of directors. Board of directors has designated, from net assets without donor restrictions, net assets for building expansion.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restriction will be met by actions of NWICC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. NWICC doesn't have any donor restricted net asset.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Company considers checking account balance, savings accounts and certificates of deposit of three months or less maturity to be cash equivalents.

**Property and Equipment**

All major expenditures for equipment are capitalized at cost. The threshold for capitalizing equipment is \$2,000. Contributed property and equipment is recorded at fair market value at the date of donation. The contributions are recorded as restricted support, if donors stipulate how long the assets must be used. In the absence of such stipulation, contributions are recorded as unrestricted. Depreciation is recorded using the straight-line method over the estimated useful lives of individual assets ranging from 5 years to 39 years.

**Pledge Receivable**

Unconditional promised to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. As of December 31, 2019, NWICC's pledge receivable consisted of unconditional promises to give in the amount of \$39,196.

**NORTHWEST ISLAMIC COMMUNITY CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net asset with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value of the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restriction; otherwise, the contribution are recorded as net assets without donor restrictions.

**In-kind donations**

No in-kind donations or in-kind fixed assets were received by NWICC. Several volunteers have made significant contributions of their time in furtherance of NWICC's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for the recognition under US GAAP.

**Functional expense**

The costs of providing program and other activities have been summarized on the functional basis in the statements of activities. Accordingly, certain costs have been allocated among religious activities, supporting service and building operation. Such allocations are determined by the management on an equitable basis.

**Income Taxes**

The NWICC is exempt from income tax under IRC section 501(c) (3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. NWICC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. NWICC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

On august 18, 2016, FASB issues ASU 2016-14, Not-for-Profit Entities (Topic 958)-*Presentation of Financial Statements of Not-for-Profits Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. NWICC has adjusted the presentation of these statements accordingly.

**NORTHWEST ISLAMIC COMMUNITY CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Estimates and Assumptions

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the revenues & expenses during the reporting period. Actual results may differ from estimates.

**NOTE B AVAILABILITY AND LIQUIDITY**

The following represents NWICC's financial assets at December 31, 2019:

Financial assets at yearend:	<b>2019</b>
Cash and cash equivalent	\$ 524,746
Pledge receivable	37,236
Total Financial assets	561,982
Less amounts not available to be used within one year:	
Board-designated funds for future use	400,000
	400,000
Financial asset available to meet general expenditures over the next twelve months	\$ 161,982

**NOTE C PROPERTY AND EQUIPMENT**

Included in property and equipment are the following as of December 31:

Land	\$ 160,000
Building	1,434,443
Equipment	71,351
Accumulated Depreciation	(268,527)
Intangible Asset	23,309
Accumulated Amortization	(12,820)
Total Fixed Assets	\$ 1,407,756

For the year ended December 31, 2019, depreciation and amortization expense totaled \$47,016 and \$ 1,960 respectively.

**NORTHWEST ISLAMIC COMMUNITY CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE D CONCENTRATIONS OF CREDIT RISK**

The NWICC maintains its checking, savings and money market account with a financial Institution that ensures interest bearing account balances of up to \$250,000 through the Federal Deposit Insurance Corporation. Balances at a single institution over \$250,000 may be subject to risk. The NWICC did not have any such balances that were uninsured as of December 31, 2019.

**NOTE E – OTHER CURRENT ASSET**

NWICC other current asset comprise the following items:

Prepaid Insurance	\$ 3,691
Financial guarantee Deposit with City of Plymouth	24,250
Security Deposit	150
	<hr/>
	\$ 28,091

**NOTE F – SUBSEQUENT EVENTS**

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chain and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No Adjustment have been made to these financial statements as a result of this uncertainty. Subsequent to year end, the organization applied for and was approved a \$26,400 loan under the Paycheck Protection Program as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1, but payments are not required to begin for six months after the funding of the loan. The company is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal Government. Organization also received \$3,000 advance under SBA EIDL loan program which is also forgivable once applied.

*Approved by Board*