

ISLAMIC CENTER OF WASHINGTON  
(A WASHINGTON STATE  
NON-PROFIT PUBLIC CHARITY ORGANIZATION)  
AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

ISLAMIC CENTER OF WASHINGTON  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2006

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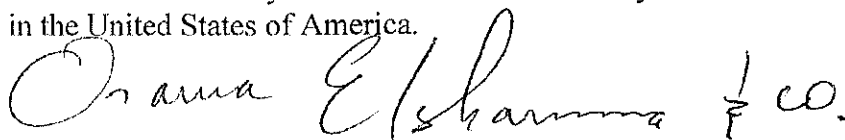
Independent Auditor's Report

MEMBERS OF THE EXECUTIVE COMMITTEE OF  
THE ISLAMIC CENTER OF WASHINGTON

We have audited the accompanying Statement of Financial Position of the ISLAMIC CENTER OF WASHINGTON as of December 31, 2006, and the related Statement of Activities, Cash Flows and Changes in Net Assets for the fiscal year then ended December 31, 2006. These financial statements are the responsibility of the ISLAMIC CENTER OF WASHINGTON's management. 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. These 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Statement of Financial Position of the ISLAMIC CENTER OF WASHINGTON as of December 31, 2006, and the related Statement of Activities, Cash Flows and Changes in Net Assets for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.



OSAMA ELSHAMMA & CO., CPA's  
SEATTLE, WASHINGTON

May 10, 2007

**ISLAMIC CENTER OF WASHINGTON  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2006**

**ASSETS**

**Current Assets**

CASH IN BANK (See note (3) )		
Unrestricted-General Fund	26,640	50.52%
Restricted-Charity Fund	\$ 14,223	26.97%
Restricted-Ramadan Fund	\$ 987	1.87%
TOTAL CASH IN BANK	41,850	28.84%

Total Current Assets	41,850	79.37%
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**Other Assets**

Prepaid Insurance	3,125	5.93%
TOTAL OTHER ASSETS	3,125	5.93%

**Fixed Assets**

Equipment (See note (4) )	7,624	14.46%
Computer & Software	1,682	
Less: Accumulated Depreciation	(1,550)	-2.94%
Total Fixed Assets	7,756	11.52%

<b>TOTAL ASSETS</b>	\$ 52,731	100.00%
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**LIABILITIES & NET ASSETS**

**NET ASSETS**

Unrestricted Net Assets	\$ 37,721	71.53%
Restricted Net Assets	15,010	28.47%
Total Net Assets	52,731	100.00%

<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	\$ 52,731	100.00%
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The accompanying notes are an integral part to these financial statements

ISLAMIC CENTER OF WASHINGTON  
STATEMENT OF ACTIVITIES  
JANUARY 1 THROUGH DECEMBER 31, 2006

Program Expense				600
Repairs & Maintenance	858	858	-	-
Masjid Supplies	3,615	3,615	-	-
Telephone	1,089	1,089	-	-
Travel	323	323	-	-
Trash Disposal Expense	543	543	-	-
Utilities	7,071	7,071	-	-
Depreciation & Amortization Expense	853	853	-	-
<b>Total Operating Expense</b>	<b>96,312</b>	<b>65,522</b>	<b>26,190</b>	<b>4,600</b>
Operating Income	(11,658)	(3,206)	(4,705)	(3,747)
<b>Net Assets Beginning of the year</b>	<b>64,389</b>	<b>40,927</b>	<b>18,728</b>	<b>4,734</b>
<b>Net Assets End of the year</b>	<b>\$ 52,731</b>	<b>\$ 37,721</b>	<b>\$ 14,023</b>	<b>\$ 987</b>

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ISLAMIC CENTER OF WASHINGTON  
STATEMENT OF ACTIVITIES  
JANUARY 1 THROUGH DECEMBER 31, 2006

	Total All		
	<u>Funds</u>	<u>General</u>	<u>Fund Account Type</u>
		<u>Charity</u>	<u>Ramadan</u>
<u>INCOME:</u>			
Contributions Income	\$ 84,653	\$ 62,315	\$ 21,485
Total Income	<u>84,653</u>	<u>62,315</u>	<u>21,485</u>
<u>CHARITABLE CONTRIBUTIONS: (SEE NOTE (5))</u>			
General Charity	\$ 12,306	\$ -	12,306
Not-for-Profit Organization	13,664	-	13,664
Total Contributions	<u>25,970</u>	<u>-</u>	<u>25,970</u>
<u>OPERATING EXPENSES:</u>			
Fundraising Expenses	200	-	200
Administrative Costs	4,500	4,500	-
Bank Service Charges	265	245	20
Community Events Expenses	1,797	1,797	-
Eid Celebration Expenses	17,369	17,369	-
Insurance	3,157	3,157	-
Imam's Compensation & Remuneration	8,500	4,500	-
Equipment Rental	1,000	1,000	4,000
Licenses and Permits	167	167	-
Masjid Maintenance Expenses	16,031	16,031	-
Repairs & Maintenance	406	406	-
Office Supplies	128	128	-
Miscellaneous	870	870	-
Islamic Calenders	1,000	1,000	-
Postage and Delivery	-	-	-

The accompanying notes are an integral part to these financial statements  
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ISLAMIC CENTER OF WASHINGTON  
STATEMENT OF CASH FLOWS  
JANUARY 1 THROUGH DECEMBER 31, 2006

<u>OPERATING ACTIVITIES</u>	
Operating Income	\$ (11,658)
Adjustments to reconcile Change in Income to Net Cash Provided by Operating Activities	
Depreciation & Amortization	853
(Increases) decreases in:	
Prepays & Deferred Charges	(1,519)
Net cash provided by Operating Activities	<u>(12,324)</u>
<u>INVESTING ACTIVITIES</u>	
Purchase of Computer & Software	(1,682)
Equipment Purchased	(3,555)
Net cash used by Investing Activities	<u>(5,237)</u>
Net cash Increase or (Decrease) for period	(17,561)
Cash at beginning of period, 1/1/2006	<u>59,411</u>
Cash at the end of period, 12/31/2006	<u>\$ 41,850</u>

The accompanying notes are an integral part to these financial statements

ISLAMIC CENTER OF WASHINGTON  
 STATEMENT OF CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED  
 DECEMBER 31, 2006

	<u>Net Assets</u>		Combined Changes
	<u>Unrestricted</u>	<u>Restricted</u>	
Beginning of the Year, 12/31/2005	\$ 40,927	\$ 23,462	\$ 64,389
Changes in Net Assets During the Year	(3,206)	(8,452)	(11,658)
End of Year Net Assets, 12/31/2006	<u>\$ 37,721</u>	<u>\$ 15,010</u>	<u>\$ 52,731</u>

The accompanying notes are an integral part to these financial statements

ISLAMIC CENTER OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006

Note (1). NATURE OF THE ORGANIZATION

The Islamic Center of Washington -- is incorporated in accordance with the laws of the State of Washington as a "Public Charity" non-profit corporation. The purpose of the Corporation is to provide Islamic & Social activities within the framework of Islam, Charitable activities and such other functions as to promote better understanding of Islam in the greater Seattle- Washington area.

Note (2). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No.117, Financial Statements of Not-for-Profit Organizations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Revenue Recognition

Contributions received are recorded as restricted, temporarily restricted, or permanently restricted support, depending on the existence and / or nature of any donor designation.

Contributed Services

The Mosque receives substantial amount of services donated by its members in carrying out the Mosque's activities. No amounts have been incorporated in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

ISLAMIC CENTER OF WASHINGTON  
 NOTES TO THE FINANCIAL STATEMENTS AT  
DECEMBER 31, 2006- CONTINUED

Income Taxes

The Mosque is exempt from income taxes in accordance with Internal Revenue Service Code Section 501 (C) (3). In addition, the Imams of the Mosque are granted certain Income tax exemptions when applied for and documented by the Mosque's records. Furthermore, income and payroll taxes may be assessed against the Mosque's and its Imam's if the exemption requirements are not met.

Note (3). CASH AND CASH EQUIVALENT

Cash and cash equivalents represent cash deposits at local financial institutions and short term investments maturing in (3) month or less that may be readily converted into cash. For the fiscal year ended December 31, 2006, cash and cash equivalents consisted of:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
General Fund	\$ 26,640		\$ 26,640
Charity Fund		\$ 14,223	14,223
Ramadan Fund		987	987
Total Cash & Cash Equivalent	<u>\$ 26,640</u>	<u>\$ 15,210</u>	<u>\$ 41,850</u>

Unrestricted Cash- General Fund: Such cash balance is available for use to meet currently maturing financial obligations, operating costs and expenses as they become due.

Restricted Cash- Charity Fund: The board has established this account for the charitable purpose of providing financial assistance to needy families within the Muslim community of the greater Seattle area.

Restricted Cash- Ramadan Fund: During the Holly month of Ramadan, it is customary practice for members to pay and "ZAKAT ELFITR". Such funds are specifically separated from other cash accounts for the specific purpose of distributing such funds to needy Muslim families in the Seattle, Area specifically after completion of the Holly month of Ramadan and shortly thereafter. Cash balance in the Ramadan fund account represents the undistributed fund balance.

SEE INDEPENDENT AUDITOR'S REPORT

ISLAMIC CENTER OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
AT DECEMBER 31, 2006- CONTINUED

Note (4). DEPRECIATION AND AMORTIZATION The Mosque capitalizes purchased assets at cost and recognizes donated assets at its Fair Market Value (FMV) of the asset received. Such assets are capitalized into the Long-Lived Assets Group of Accounts and depreciated or amortized over the assets' estimated useful or operable life using the straight line method for financial statement presentation and income tax reporting purposes. For the fiscal year ended December 31, 2006, Depreciation & Amortization Expenses amounted to \$ 853.

Note (5). Charitable Contributions During the fiscal year ended December 31, 2006, the Islamic Center of Washington made charitable contributions to families & individuals in need of financial assistance aggregating to \$ 12,306. Additionally, the organization contributed \$ 13,664 to the Pakistani Earthquake Relief Fund efforts to assist with that unforeseen natural devastation in Pakistan as a result of its 2006 earthquake. Aggregate total charitable contributions for the fiscal year then ended December 31, 2006, amounted to \$ 25,970.

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SEE INDEPENDENT AUDITOR'S REPORT

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END OF REPORT