AL-FURQAAN FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

AL-FURQAAN FOUNDATION

DECEMBER 31, 2019 AND 2018

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EZZY & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Al-Furqaan Foundation
Bolingbrook, IL

Auditor's Responsibility

We have audited the accompanying financial statements of Al-Furqaan Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 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.

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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 positions of Al-Furqaan Foundation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ezzy & Associates LLC

Darien, IL
November 15th, 2020

AL-FURQAAN FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 1,176,357	$ 706,536
Accounts receivable, net	25,604	35,054
Inventory	2,197,225	2,371,434
Prepaid assets	-	1,700
Revenue receivables	554,954	634,768
Intercompany receivables	2,051,310	1,698,009
Employee advances	27,502	34,842
Construction in progress	2,800	2,800
Property and equipment, net	2,177,710	2,222,408
Other assets	192,203	60,321
Total Assets	$ 8,405,664	$ 7,767,871
LIABILITIES		
Accounts payable	56,979	92,551
Deferred revenue	217,854	208,268
Accrued expenses	163,231	97,894
Lease payable	1,282,770	1,321,994
Notes payable	3,095	-
Intercompany payables	2,051,310	1,698,009
Total Liabilities	3,775,239	3,418,715
NET ASSETS		
With donor restrictions	-	-
Without donor restrictions	4,630,425	4,349,156
Total Net Assets	4,630,425	4,349,156
Total Liabilities and Net Assets	$ 8,405,664	$ 7,767,871

The accompanying notes are an integral part of the financial statements

AL-FURQAAN FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		2018	
	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions
REVENUES AND OTHER SUPPORT				
Contributions	$ -	$ 1,568,260	$ -	$ 1,915,725
In-kind contributions	-	613,581	-	800,000
In-kind services	-	-	-	-
Book distributions	-	258,942	-	193,687
Student receipts	-	562,258	-	598,755
Bookstore	-	305,154	-	163,522
Discounts received	-	2,636	-	5,879
Recycling	-	3,432	-	4,305
Gain on sale	-	-	-	210
Deals	-	-	-	-
Other	-	281,182	-	-
Total Revenue and Other Support	-	3,595,446	-	3,682,082
COST OF GOODS SOLD				
Bookstore	-	224,637	-	148,527
Freight and customs	-	-	-	520
Other	-	349	-	-
Total Cost of Goods Sold	-	224,986	-	149,047
EXPENSES				
Program	-	2,741,999	-	2,479,310
Management and General	-	278,722	-	259,313
Fundraising	-	68,470	-	79,050
Total Expenses	-	3,089,192	-	2,817,673
CHANGE IN NET ASSETS	-	281,268	-	715,361
NET ASSETS				
Beginning of year	-	4,349,156	-	3,633,795
End of year	$ -	$ 4,630,425	-	$ 4,349,156

AL-FURQAAN FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

2019

	PROGRAM SERVICES			SUPPORT SERVICES			
	Illinois	Phillipines	Total Program Services	Management and General	Fundraising	Total Support Services	TOTAL EXPENSES
Salaries and comissions	$ 973,545	$ -	$ 973,545	$ 125,005	$ -	$ 125,005	$ 1,098,551
Payroll taxes	77,692	-	77,692	17,311	-	17,311	95,002
Automobile	2,097	-	2,097	1,052	-	1,052	3,149
Bank charges	627	-	627	36,600	-	36,600	37,226
Books distribution	855,697	-	855,697	-	-	-	855,697
Contributions	11,425	-	11,425	-	-	-	11,425
Discounts	107,735	-	107,735	-	-	-	107,735
Dues and subscriptions	6,576	-	6,576	367	-	367	6,943
Insurance	9,617	-	9,617	1,225	-	1,225	10,842
Professional fees	2,078	-	2,078	8,200	-	8,200	10,278
Licenses and permits	-	-	-	1,181	-	1,181	1,181
Marketing	108,402	-	108,402	-	-	-	108,402
Office expense	33,480	-	33,480	19,127	-	19,127	52,607
Postage	-	-	-	36,720	-	36,720	36,720
Preaching	-	30,113	30,113	-	-	-	30,113
Rent	80,782	-	80,782	16,102	-	16,102	96,884
Repairs	22,350	-	22,350	4,480	-	4,480	26,830
Royalty	12,287	-	12,287	-	-	-	12,287
Shipping	118,824	-	118,824	-	-	-	118,824
Special event	-	-	-	-	-	-	-
Student activities	13,003	-	13,003	-	-	-	13,003
Subcontractors	3,767	-	3,767	-	-	-	3,767
Travel	39,642	-	39,642	2,540	68,470	71,010	110,652
Utilities	48,031	-	48,031	8,812	-	8,812	56,843
Bad debts	121,834	-	121,834	-	-	-	121,834
Amortization	2,695	-	2,695	-	-	-	2,695
Depreciation	59,703	-	59,703	-	-	-	59,703
Total Expenses	$ 2,711,886	$ 30,113	$ 2,741,999	$ 278,722	$ 68,470	$ 347,192	$ 3,089,192

The accompanying notes are an integral part of the financial statements

AL-FURQAAN FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

2018

	PROGRAM SERVICES			SUPPORT SERVICES			
	Illinois	Phillipines	Total Program Services	Management and General	Fundraising	Total Support Services	TOTAL EXPENSES
Salaries and comissions	$ 861,980	$ -	$ 861,980	$ 126,695	$ -	$ 126,695	$ 988,675
Payroll taxes	72,152	-	72,152	19,051	-	19,051	91,203
Automobile	3,499	-	3,499	1,612	-	1,612	5,112
Bank charges	219	-	219	33,801	-	33,801	34,020
Books distribution	670,614	-	670,614	-	-	-	670,614
Contributions	6,660	-	6,660	-	-	-	6,660
Discounts	126,301	-	126,301	-	-	-	126,301
Dues and subscriptions	6,558	-	6,558	140	-	140	6,698
Insurance	28,385	-	28,385	1,302	-	1,302	29,687
Professional fees	4,940	-	4,940	9,620	-	9,620	14,560
Licenses and permits	4,474	-	4,474	25	-	25	4,499
Marketing	79,268	-	79,268	2,700	-	2,700	81,968
Office expense	22,660	-	22,660	14,876	36	14,912	37,572
Postage	-	-	-	25,476	-	25,476	25,476
Preaching	-	30,218	30,218	-	-	-	30,218
Rent	72,553	-	72,553	14,519	-	14,519	87,072
Repairs	27,441	-	27,441	353	-	353	27,794
Royalty	1,907	-	1,907	-	-	-	1,907
Shipping	187,078	-	187,078	-	-	-	187,078
Special event	-	-	-	-	2,500	2,500	2,500
Student activities	18,809	-	18,809	-	-	-	18,809
Subcontractors	3,096	-	3,096	140	-	140	3,236
Travel	42,245	-	42,245	2,690	76,514	79,204	121,449
Utilities	46,355	-	46,355	6,313	-	6,313	52,668
Bad debts	102,725	-	102,725	-	-	-	102,725
Amortization	2,474	-	2,474	-	-	-	2,474
Depreciation	56,699	-	56,699	-	-	-	56,699
Total Expenses	$ 2,449,093	$ 30,218	$ 2,479,310	$ 259,313	$ 79,050	$ 338,363	$ 2,817,673

AL-FURQAAN FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 281,268	$ 715,361
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation & Amortization	62,398	57,475
Decrease (increase) in assets		
Accounts receivable	9,449	13,667
Inventory	174,209	(384,858)
Prepaid assets	1,700	(1,700)
Notes receivables	87,154	12,006
Intercompany receivables	(353,301)	(557,250)
Other assets	(131,882)	17,524
(Decrease) increase in liabilities		
Accounts payable	(35,572)	238
Deferred Revenue	9,587	(64,003)
Accrued Expenses	65,337	(43,534)
Intercompany payables	353,301	557,250
Net Cash Provided by (Used in) Operating Activities	523,649	322,177
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of property and equipment, net	-	1,699
Payments for property and equipment, net	(17,700)	(40,018)
Net Cash Used in Investing Activities	(17,700)	(38,319)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lease payable	-	1,321,994
Proceeds from notes payable	3,096	-
Payments of lease payable	(39,223)	(570,428)
Payments of notes payable	-	(1,257,000)
Net Cash Provided by Financing Activities	(36,127)	(505,435)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	469,822	(221,577)
CASH AND CASH EQUIVALENTS -		
Beginning of year	706,536	928,113
End of year	$ 1,176,357	$ 706,536

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Foundation and Activities

Al-Furqaan Foundation (the "Foundation") is an Illinois not-for-profit organization organized under Section 501(c) (3) of the Internal Revenue Code and its mission is to deliver the message of the Qur'an to every individual in America. The three main activities of the Foundation include; the Furqaan Project which distributes English translations of the Quran, a full time Furqaan Academy which combines a regular academic curriculum along with Islamic studies and an Islamic bookstore called Furqaan Bookstore, carrying a large selection of Islamic literature.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Accounting Estimates

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

Classification of Net Assets

Net assets of the Foundation are classified as with or without donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Foundation's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. The Foundation has no board designated funds at December 31, 2019.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Foundation reports gifts of cash or other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, the net assets are reclassified as net assets without donor restrictions and reported in the statements of

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

activities as net assets released from restrictions. At December 31, 2019 there were no net assets with donor restrictions.

Contributions

Contributions received are recorded as with donor restriction or without donor restriction, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in without donor restricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restricted net asset is reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions.

Income Tax Status

The Foundation is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). However, Foundations which are exempt may be subject to unrelated business income taxes when a Foundation generates revenue from activities which are unrelated to the exempt purpose of the Foundation. Management believes the Foundation has no material unrelated business income subject to taxes for the year ended December 31, 2019. The Foundation's Form 990, Return of Foundation Exempt from Income Tax, is subject to examination by the IRS, generally for three years after it is filed.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Cash and cash equivalents consist of bank deposits in federally insured accounts. The Foundation has deposits at a financial institution in excess of federally insured limits of approximately $283,000 at December 31, 2019. The Foundation monitors the credit worthiness of these financial institutions and has not experienced any losses on its cash and cash equivalents.

Accounts Receivables

The accounts receivable (net) consists mainly of tuition and bookstore receipts and is recorded as a receivable until revenue is collected. Receivables are stated at the amount management expects to collect from outstanding balances. Balances that are still

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

outstanding after management has used reasonable collection efforts are written off through a charge to the bad debt expense and a credit to accounts receivable.

Out of the $554,954 revenue receivables, approximately $36,000 are from the year 2017 and before which management still believes are collectible.

Property & Equipment and Related Depreciation

The Foundation capitalizes property and equipment acquisitions in excess of $1,000. Property and equipment are recorded at cost if purchased and at fair value if contributed. Depreciation is computed by the straight-line method and 200% declining balance method over the estimated useful life of the asset. Maintenance and repairs are charged to expense as incurred.

FIXED ASSETS

	2019	2018
School Building & Land	$ 1,133,770	$ 1,133,770
Foundation Building & Land	1,224,019	1,224,019
Dawah Center Building & Land	70,000	70,000
Furniture & Fixtures	41,206	41,206
Vehicles	33,800	28,100
Equipment	46,141	34,141
	$ 2,548,936	$ 2,531,236

ACCUMULATED DEPRECIATION

	2019	2018
School Building & Land	$ 225,244	$ 200,261
Foundation Building & Land	59,734	30,268
Dawah Center Building & Land	7,595	6,826
Furniture & Fixtures	15,037	13,369
Vehicles	26,467	24,504
Equipment	37,149	33,600
	$ 371,226	$ 308,828
PROPERTY & EQUIPMENT, NET	$ 2,177,710	$ 2,222,408

School, Foundation and Dawah Center buildings are currently under a lease to own agreement. Details of the agreement are provided in Note 9.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation expense for the year ended December 31, 2019 and 2018 is $59,703 and $56,699 respectively.

Revenue Recognition and Deferred Revenue

The Foundation recognizes revenue based upon the nature of the funds and event. Tuition fee is recognized as revenue on the day that it is due. Tuition fee collected in advance is deferred and recorded as deferred revenue. The deferred revenue at the end of December 31, 2019 and 2018 is $217,854 and $208,268 respectively.

Expense Allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services based upon direct costs and certain costs are allocated on the basis of time and effort.

In-kind Contributions

In-kind services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

A significant number of unpaid volunteers contribute time to the Foundation. The value of these services is not reflected in the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America because the time contributed was for non-specialized services, and the recognition criteria was not met.

Inventory is also a significant portion of in-kind contributions. As of December 31, 2019, the value of in-kind inventory is $2,037,833

Change in Accounting Principle

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. The major changes include: (a) requiring the presentation of only two classes of net assets now titled “net assets without donor restrictions” and “net assets with donor restrictions,” (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes, and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that nonprofit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The new standard was adopted for the Foundation's December 31, 2018 financial statements.

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the periods presented. The Foundation's net assets previously reported as temporarily and permanently restricted are now reported as net assets with donor restrictions. Likewise, the Foundation's net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. It also provides additional guidance on how to determine if a contribution is conditional. The new standard was adopted for the Foundation's fiscal year ended December 31, 2019. The implementation did not require reclassification or restatement of any opening balances related to the periods presented.

Subsequent Events

The Foundation has evaluated subsequent events through November 14, 2020, the date the financial statements were available to be issued.

NOTE 2 – INVENTORY

The Foundation's inventory consists of bookstore inventory and in-kind contributions of books and other materials. These books are recorded as inventory at the lower of cost or market value and are donated to various people and organizations. The value of the in-kind inventory is $2,037,833. The remaining inventory belongs to the bookstore. The value of the bookstore inventory is $159,391. The inventory does not include shipping costs. Shipping is classified as an expense on the Statement of Functional Expenses.

NOTE 3 – COMPENSATED ABSENCES

Employees of the Foundation are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Foundation's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE 4 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Foundation considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. These principles also established a fair value hierarchy that requires the Foundation to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest of input that is significant to the fair value measurement. There are three levels of inputs that may be used to measure fair value:

> Level 1 – Quoted (observable) market prices in active markets for identical assets or liabilities.
>
> Level 2 – inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or dissimilar assets or liabilities 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 or liabilities; or
>
> Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Foundation's valuation methodology used to measure the fair values of mutual funds were derived from quoted market prices as all these instruments have active markets.

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis were as follows:

	Fair value of investments at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 11,954	$ -	$ -	$ 11,954
Co-op Funds	100,000	-	-	100,000
Total	$ 111,954	$ -	$ -	$ 111,954

	Fair value of investments at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 350	$ -	$ -	$ 350
Co-op Funds	-	-	-	-
Total	$ 350	$ -	$ -	$ 350

NOTE 5 – RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU Supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard will be effective for the Foundation’s December 31, 2022 financial statements. Early adoption is permitted.

NOTE 6 – RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the current year’s presentation. These reclassifications did not affect the prior year’s income.

NOTE 7 – CONCENTRATION OF CREDIT RISK

The primary source of funding includes contributions, in-kind contributions and student receipts. For the year ended December 31, 2019, revenue from contributions, in-kind contributions and student receipts comprised 44%, 17%, and 16% of total revenues, respectively.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation has $1,201,961 of financial assets available within one year of the statement of financial position date, to meet cash needs for general expenditures consisting of cash of $1,176,357 and net accounts receivable of $25,604.

The cash is not subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position. The net accounts receivable of $25,604 are subject to implied time restrictions but are expected to be collected within one year.

As part of Al-Furqaan Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Al-Furqaan Foundation's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for the academy.

NOTE 9 – LEASE PAYABLE

Lease payable for the foundation consists of a "lease to own agreement" entered in March of 2018 for $1,350,000. The current balance on the agreement for the asset at the end of December 31, 2019 is $1,282,770 with payments of $9,382.05 due every month. There is no interest calculated for this agreement. The lease obligation for the next 5 years is as follows

Year	Amount
2020	112,585
2021	112,585
2022	112,585
2023	112,585
2024	112,585

NOTE 10 – RELATED PARTY TRANSACTIONS

The President of the Foundation, "Mohammed Sayeed" donated $10,100 to the Foundation on May 17, 2019.

NOTE 11 – UNCERTAINTIES DUE TO COVID-19 PANDEMIC

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the legislation that directs federal emergency disaster response. The Foundation cannot predict how legal and regulatory responses to concerns about COVID-19 or other major public health issues will impact the Foundation. The magnitude, timing, and duration of any such potential financial impacts cannot be reasonably estimated at this time. The effects of the pandemic are expected to continue into fiscal 2021.