



MAS BOSTON SOCIETY, INC.

**FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

MAS BOSTON SOCIETY, INC.

Contents
December 31, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors of
MAS Boston Society, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of MAS Boston Society, Inc. (a Massachusetts not for profit corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 audits 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.

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 MAS Boston Society, Inc. as of December 31, 2015 and 2014, 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.



Boston, Massachusetts
April 12, 2016

MAS BOSTON SOCIETY, INC.Statements of Financial Position
December 31, 2015 and 2014

Assets	2015	2014
Current Assets:		
Cash	\$ 251,959	\$ 546,581
Accounts receivable	50,265	37,283
Prepaid expenses and other	10,975	315
Restricted cash	<u>27,745</u>	<u>27,745</u>
Total current assets	340,944	611,924
Investments	387,359	227,494
Beneficial Interest in Lead Trusts	73,560	63,854
Property and Equipment, net	<u>303,088</u>	<u>164,749</u>
Total assets	<u><u>\$ 1,104,951</u></u>	<u><u>\$ 1,068,021</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 62,758	\$ 177,078
Fund held for other	<u>27,745</u>	<u>27,745</u>
Total current liabilities	<u>90,503</u>	<u>204,823</u>
Net Assets:		
Unrestricted:		
Operating	397,478	611,823
Property and equipment	<u>303,088</u>	<u>164,749</u>
Total unrestricted	700,566	776,572
Temporarily restricted	<u>313,882</u>	<u>86,626</u>
Total net assets	<u>1,014,448</u>	<u>863,198</u>
Total liabilities and net assets	<u><u>\$ 1,104,951</u></u>	<u><u>\$ 1,068,021</u></u>

MAS BOSTON SOCIETY, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Contributions	\$ 1,215,976	\$ 62,920	\$ 1,278,896	\$ 1,406,564	\$ 87,680	\$ 1,494,244
Café income	208,668	-	208,668	161,627	-	161,627
Tuition, related fees and program income	118,704	-	118,704	91,849	-	91,849
Rental income	105,108	-	105,108	121,635	-	121,635
Donated goods and services	31,250	-	31,250	26,037	-	26,037
Other income	14,628	-	14,628	42,932	-	42,932
Net assets released from restriction	86,904	(86,904)	-	80,808	(80,808)	-
Total revenue	1,781,238	(23,984)	1,757,254	1,931,452	6,872	1,938,324
Expenses:						
General program	1,352,653	-	1,352,653	1,146,606	-	1,146,606
American Islamic Institute	100,995	-	100,995	-	-	-
General and administrative	240,731	-	240,731	308,209	-	308,209
Fundraising	109,770	-	109,770	87,257	-	87,257
Total expenses	1,804,149	-	1,804,149	1,542,072	-	1,542,072
Changes in net assets from operations	(22,911)	(23,984)	(46,895)	389,380	6,872	396,252
Non-Operating Income (Expense):						
Capital grant	-	225,634	225,634	8,895	-	8,895
Change in value of beneficial interest in lead trusts	-	25,606	25,606	-	5,637	5,637
Investment income (loss)	(5,336)	-	(5,336)	1,136	-	1,136
Total non-operating income (expense)	(5,336)	251,240	245,904	10,031	5,637	15,668
Changes in net assets	(28,247)	227,256	199,009	399,411	12,509	411,920
Net Assets, beginning of year	776,572	86,626	863,198	364,450	74,117	438,567
Net asset transfer	(47,759)	-	(47,759)	12,711	-	12,711
Net Assets, end of year	<u>\$ 700,566</u>	<u>\$ 313,882</u>	<u>\$ 1,014,448</u>	<u>\$ 776,572</u>	<u>\$ 86,626</u>	<u>\$ 863,198</u>

The accompanying notes are an integral part of these statements.

MAS BOSTON SOCIETY, INC.

Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
Changes in net assets	\$ 199,009	\$ 411,920
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Net unrealized losses	10,844	136
Bad debt	17,462	-
Depreciation	53,825	46,534
Change in value of beneficial interest in lead trusts	(25,606)	(5,637)
Capital grant	(225,634)	(8,895)
Changes in operating assets and liabilities:		
Accounts receivable	(30,444)	(6,819)
Prepaid expenses and other	(10,660)	-
Accounts payable and accrued expenses	(108,838)	60,142
Net cash provided by (used in) operating activities	(120,042)	497,381
Cash Flows from Investing Activities:		
Net funds transferred to Al-Marhama	(47,759)	(49,089)
Distribution from beneficial interest in lead trusts	15,900	15,900
Purchase of investments	(175,402)	(206,403)
Proceeds from sale of investments	4,693	-
Acquisition of property and equipment	(197,646)	(21,236)
Net cash used in investing activities	(400,214)	(260,828)
Cash Flows from Financing Activities:		
Capital grant	225,634	8,895
Net Change in Cash	(294,622)	245,448
Cash:		
Beginning of year	546,581	301,133
End of year	\$ 251,959	\$ 546,581
Supplemental Disclosure of Non-Cash Transaction:		
Property and equipment acquisitions financed via accounts payable	\$ -	\$ 5,482
Transfer of security deposit payable to Al-Marhama	\$ -	\$ 106,800
Transfer of deposit on land to Al-Marhama	\$ -	\$ 45,000

The accompanying notes are an integral part of these statements.

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MAS BOSTON SOCIETY, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2015
(With Summarized Comparative Totals for the Year Ended December 31, 2014)

	2015				2014
	General Program	American Islamic Institute	General and Adminis- trative	Fundraising	Total
Payroll and related:					
Salaries	\$ 671,178	\$ 26,673	\$ 99,816	\$ 51,554	\$ 738,288
Payroll taxes and fringe benefits	77,295	89	28,976	8,649	129,655
Donated salary	-	-	31,250	-	26,000
Total payroll and related	748,473	26,762	160,042	60,203	893,943
Equipment rental and maintenance					
Utilities	67,125	67,160	11,865	160	61,879
Café expenses	102,643	-	18,972	4,912	124,882
Professional fees	87,987	-	-	-	57,148
Depreciation	47,482	3,470	18,228	2,149	76,324
Security expenses	43,475	-	8,221	2,129	46,534
Travel and meetings	50,158	-	-	-	60,052
Food	45,591	-	897	-	33,843
Bank service fees	43,141	-	95	-	43,585
Grants to ICNA Relief	7,160	3,603	-	31,092	21,480
Insurance	39,698	-	-	-	28,877
Bad debt	14,598	-	2,456	1,190	21,847
Miscellaneous	17,462	-	-	-	-
Staff development	11,004	-	4,421	438	18,380
Supplies	299	-	12,600	-	3,114
Printing and postage	10,131	-	1,087	281	7,869
Membership dues and fees	2,112	-	399	6,893	6,461
Telephone and internet	8,210	-	332	34	6,371
Occupancy	5,904	-	1,116	289	8,142
	-	-	-	-	21,341
Total expenses	\$ 1,352,653	\$ 100,995	\$ 240,731	\$ 109,770	\$ 1,804,149
					\$ 1,542,072

The accompanying notes are an integral part of these statements.

MAS BOSTON SOCIETY INC.

Statement of Functional Expenses
For the Year Ended December 31, 2014

	General Program	General and Adminis- trative	Fundraising	Total
Payroll and related:				
Salaries	\$ 609,654	\$ 74,472	\$ 54,162	\$ 738,288
Payroll taxes and fringe benefits	62,085	56,876	10,694	129,655
Donated salary	-	26,000	-	26,000
Total payroll and related	671,739	157,348	64,856	893,943
Equipment rental and maintenance				
Utilities	37,567	24,312	-	61,879
Café expenses	101,154	23,728	-	124,882
Professional fees	57,148	-	-	57,148
Depreciation	11,872	64,452	-	76,324
Security expenses	36,762	6,980	2,792	46,534
Travel and meetings	60,052	-	-	60,052
Food	26,352	7,491	-	33,843
Bank service fees	43,556	29	-	43,585
Grants to ICNA Relief	7,545	472	13,463	21,480
Insurance	28,877	-	-	28,877
Miscellaneous	17,479	4,368	-	21,847
Staff development	11,577	6,664	139	18,380
Supplies	2,945	169	-	3,114
Printing and postage	5,375	2,494	-	7,869
Membership dues and fees	309	334	5,818	6,461
Telephone and internet	5,522	660	189	6,371
Occupancy	-	8,142	-	8,142
	20,775	566	-	21,341
Total expenses	\$ 1,146,606	\$ 308,209	\$ 87,257	\$ 1,542,072

The accompanying notes are an integral part of these statements.

1. OPERATIONS, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

MAS Boston Society, Inc. (MAS Boston) is a grass-roots community-based organization that seeks to empower the Muslim community to be active citizens who will play a significant role in the improvement of society. MAS Boston strives to achieve this mission by: 1) developing young Muslims into leaders in their communities; 2) educating and mobilizing the Muslim community to participate in civic affairs; 3) developing interfaith and intercommunity understanding and cooperation on issues of shared concerns; and 4) addressing root causes and consequences of prejudice and discrimination.

Founded in 1999, MAS Boston's first focus was working with Muslim youth. As the organization grew, the mission expanded to include civic engagement and intercommunity outreach. Membership grew from 20 in 1999 to nearly 1,000 today and its programs reach over 10,000 Muslim and Non-Muslim residents of Greater Boston annually. MAS Boston's primary constituency is the Greater Boston Muslim community, numbering approximately 70,000, with growing emphasis on the Muslim communities in Roxbury, Dorchester, Mattapan, and Jamaica Plain, Massachusetts. The Greater Boston Muslim community includes both American-born and immigrant Muslims.

MAS Boston has become the most visible and wide-reaching Muslim organization in Boston. In June 2008, MAS Boston assumed responsibility for outreach and fundraising for the Islamic Society of Boston Cultural Center (the ISBCC) located in Roxbury, Massachusetts. Completed in 2009, the ISBCC building is the largest place of worship in New England for the Muslim community. MAS Boston and the ISBCC's owner, the Islamic Society of Boston (ISB), finalized an agreement for MAS Boston to move its headquarters to the ISBCC in the fall of 2008 in order to better manage this unique cultural landmark and operate the majority of its programs in the facility (see Note 5). This move to the ISBCC has provided an opportunity for growth, increased visibility, long-term sustainability, and has increased MAS Boston's ability to better serve Boston's communities – both Muslim and non-Muslim.

MAS Boston is now in its eighth year of managing the ISBCC. The ISBCC has developed a life of its own and is now close to standing on its own feet. Over the next year, MAS Boston will be closely examining how to transition the ISBCC into a separate affiliated institution or relinquish its reigns back to ISB's Board of Trustees. The hope for the future is to steer away from the management of the operations of the ISBCC and focus on providing programming that is squarely connected to its mission.

MAS Boston mainly provides its programs at the ISBCC. On occasion, MAS Boston offers programs at other Greater Boston institutions, community centers, and mosques. MAS Boston has had three main areas of focus:

Spiritual Development and Education: MAS Boston offers its congregants the five daily prayers, the weekly congregational sermon/prayer (khutbah) on Fridays, the Friday night spiritual lessons (Halaqas), Islamic knowledge workshops, seasonal religious holidays programming (Ramadan, Eid ul-Fitr, and Eid ul-Adha), one-on-one spiritual counseling, a vibrant religious youth program (Deen14), Islam 101 classes for people interested in learning Islam and/or newly converted Muslims, tours for people of other faiths and students of all ages, and classes on reading and memorizing the Quran on Saturdays and Sundays through the MAS Quran Institute.

1. OPERATIONS, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

OPERATIONS (Continued)

Building a Strong Community: MAS Boston holds a bi-monthly social and cultural event to learn, to appreciate, and to celebrate the various ethnicities of the congregants. MAS Boston also operates the Common Word Café program – an open space where conversations between Muslims and people of other faiths help build a stronger community. MAS Boston, through the ISBCC Health Team, also offers mental health workshops, mental health counseling, health screenings, and parenting workshops. Through partners, MAS Boston also offers a monthly food pantry and weekly English as a Second Language (ESL) courses.

Serving the Common Ground: MAS Boston is part of the Greater Boston Interfaith Organization (GBIO), a coalition of churches, synagogues, and mosques, who are committed to working together on causes of justice. MAS Boston, through GBIO, recently organized groups focusing on health care and public education issues. In addition, MAS Boston hosts several civic engagement workshops and lectures where speakers come to tell their stories or teach civic lessons.

TAX STATUS

MAS Boston is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). MAS Boston is also exempt from state income taxes. Donors may deduct contributions made to MAS Boston within the IRC regulations.

SIGNIFICANT ACCOUNTING POLICIES

MAS Boston prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Investments consist of MAS Boston's holdings in marketable securities. Realized gains and losses are recorded based on the average cost method. Unrealized gains and losses are recognized based on market value changes during the period. Investments have been classified as long-term in the accompanying statements of financial position based on management's intent. Interest and dividends are recorded when earned.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amounts and do not bear interest. Allowance for doubtful accounts is reserved using specific identification of accounts deemed to be uncollectible. There was no allowance for doubtful accounts as of December 31, 2015 and 2014.

MAS BOSTON SOCIETY, INC.

Notes to Financial Statements
December 31, 2015 and 2014

1. OPERATIONS, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**SIGNIFICANT ACCOUNTING POLICIES (Continued)****Property and Equipment and Depreciation**

Property and equipment with estimated useful lives in excess of one year and values greater than \$250 are capitalized at cost (see Note 3). Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Furniture and fixtures	5 years
Office equipment	5 years
Facility improvements	15 years

Net Assets***Unrestricted Net Assets***

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by MAS Boston. MAS Boston has grouped its unrestricted net assets into the following categories:

Operating net assets represent funds available to carry on the operations of MAS Boston.

Property and equipment net assets reflect and account for the activities related to MAS Boston's property and equipment, net of related debt, if any.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted) or amounts for unrestricted use in future periods (time restricted).

Temporarily restricted net assets are restricted as follows at December 31:

	<u>2015</u>	<u>2014</u>
Capital	\$ 225,634	\$ -
Purpose	14,688	22,772
Time (CLATs, Note 7)	<u>73,560</u>	<u>63,854</u>
	<u>\$ 313,882</u>	<u>\$ 86,626</u>

Revenue Recognition

Contributions are recorded as revenue when received or unconditionally pledged. Restricted contributions are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted contributions received and satisfied in the same period are included in unrestricted net assets.

MAS BOSTON SOCIETY, INC.

Notes to Financial Statements
December 31, 2015 and 2014

1. OPERATIONS, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Café income is recorded as revenue at the point of sale. Burial and funeral service fees are recorded as services are rendered. Rental income is recognized when earned. Honorarium, tuition, related fees, and program income are recorded as services are provided. All other income is recognized as earned.

Expense Allocations

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

Donated Goods and Services

Volunteers and other organizations contribute services to MAS Boston in support of various aspects of its programs. These services are reflected in the accompanying financial statements based upon the estimated value assigned to them by the donating volunteers, agencies, or by management.

The value of these services is as follows at December 31:

	<u>2015</u>	<u>2014</u>
Salary	\$ 31,250	\$ 26,000
Goods and professional services	<u>-</u>	<u>37</u>
Total	<u>\$ 31,250</u>	<u>\$ 26,037</u>

MAS Boston also receives services from volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying financial statements, since the value assigned to these services by the donating volunteers is not ascertainable and does not meet the U.S. GAAP criteria for recognition.

Fair Value Measurements

MAS Boston follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that MAS Boston would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

MAS Boston uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of MAS Boston. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable.

1. OPERATIONS, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Cash and Cash Equivalents

Cash and cash equivalents included in the investment portfolio consist of cash and money market funds at December 31, 2015 and 2014. Cash equivalents are considered Level 1 in the fair value hierarchy.

Investments

Investments are recorded in the financial statements at fair value. If an investment is directly held by MAS Boston and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. MAS Boston values all of its investments using Level 1 inputs.

Beneficial Interest in Lead Trusts

MAS Boston values its beneficial interests in lead trusts (see Note 7) using Level 3 inputs, which are based on present value of the expected cash flows due over the terms of the lead trusts.

All Other Assets and Liabilities

The carrying value of all other assets and liabilities does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

Subsequent Events

Subsequent events have been evaluated through April 12, 2016, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

MAS BOSTON SOCIETY, INC.

Notes to Financial Statements
December 31, 2015 and 2014

1. OPERATIONS, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

MAS Boston accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. MAS Boston has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2015 and 2014. MAS Boston's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

Restricted Cash/ Fund Held for Other

Restricted cash/fund held for other represents the cash balance held by MAS Boston as of December 31, 2015 and 2014, on behalf of Al-Marhama, a Massachusetts nonprofit organization.

2. NET ASSET TRANSFER

To address the burial needs unique to the Islamic faith tradition, in 2008, MAS Boston formed the Al-Marhama program (Al-Marhama). Al-Marhama is the only sharia-compliant funeral and burial service in Massachusetts. Al-Marhama services include sales of burial plots, Islamic shrouding and washing, transportation, internment, and other grave sites services.

On October 22, 2014, Al-Marhama received its 501(c)(3) exemption, retroactive to December 22, 2013. Al-Marhama thereafter separated from MAS Boston and became a separate and unrelated legal non-profit entity. MAS Boston acted as a fiscal agent for Al-Marhama during 2014 and 2015, but no longer acts in this capacity for Al-Marhama. During 2015 and 2014, MAS Boston had transferred related asset and liability accounts to Al-Marhama, which resulted in net asset transfers of \$47,759 and \$12,711, respectively. This amount is reflected as net asset transfer in the accompanying statements of activities and changes in net assets. As of December 31, 2015 and 2014, MAS Boston was still holding cash for Al-Marhama, which is reflected as restricted cash and fund held for other in the accompanying statements of financial position.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 291,181	\$ 219,461
Office equipment	55,351	46,819
Facility improvements	<u>181,244</u>	<u>69,332</u>
	527,776	335,612
Less - accumulated depreciation	<u>224,688</u>	<u>170,863</u>
	<u>\$ 303,088</u>	<u>\$ 164,749</u>

Depreciation expense for the years ended December 31, 2015 and 2014, was \$53,825 and \$46,534, respectively.

MAS BOSTON SOCIETY, INC.

Notes to Financial Statements
December 31, 2015 and 2014

4. INVESTMENTS

The following table presents MAS Boston's investments by level within the valuation framework (see Note 1) as of December 31:

<u>2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities and Options:				
KBS Real Estate	\$ 38,653	\$ -	\$ -	\$ 38,653
All other	90,001	-	-	90,001
Mutual Funds, ETFs and Closed-End Funds	60,569	-	-	60,569
Investment cash	<u>198,136</u>	<u>-</u>	<u>-</u>	<u>198,136</u>
	<u>\$ 387,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387,359</u>
<u>2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities and Options:				
KBS Real Estate	\$ 40,462	\$ -	\$ -	\$ 40,462
All other	94,350	-	-	94,350
Mutual Funds, ETFs and Closed-End Funds	47,082	-	-	47,082
Investment cash	<u>45,600</u>	<u>-</u>	<u>-</u>	<u>45,600</u>
	<u>\$ 227,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,494</u>

Investment income consisted of the following for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 5,508	\$ 1,272
Net unrealized losses	<u>(10,844)</u>	<u>(136)</u>
	<u>\$ (5,336)</u>	<u>\$ 1,136</u>

5. MANAGEMENT AGREEMENT

MAS Boston has entered into a management agreement, which expires on December 31, 2018, with ISB to manage and operate the ISBCC (see Note 1). Under the agreement, MAS Boston serves as the main occupant of the ISBCC and utilizes the ISBCC for delivery of its programs and other activities consistent with the terms of the agreement. MAS Boston is responsible for all costs relating to the operation and maintenance of the ISBCC. MAS Boston funds these costs with revenue generated from various programs held at the ISBCC, including contributions and rental income (see Note 6). ISB and MAS Boston have the right to terminate the agreement with no less than 180 days prior to written notice. ISB may also terminate the agreement if MAS Boston defaults on the agreement.

MAS BOSTON SOCIETY, INC.

Notes to Financial Statements
December 31, 2015 and 2014

5. MANAGEMENT AGREEMENT (Continued)

As part of the agreement, to the extent that MAS Boston generates a surplus, a certain percentage is paid to ISB. MAS Boston made no payments during the years ended December 31, 2015 and 2014, as the agreement is discretionary. MAS Boston received an unrestricted contribution from ISB in the amount of \$524,950 during 2014. No such contributions were received during 2015.

6. LEASES

MAS Boston leases a portion of the ISBCC to third parties under various tenant-at-will agreements, with average monthly payments ranging from \$450 to \$4,400 during the years ended December 31, 2015 and 2014, respectively. Total rental income for the years ended December 31, 2015 and 2014, was \$105,108 and \$121,635, respectively, and is included in rental income in the accompanying statements of activities and changes in net assets.

7. IRREVOCABLE CHARITABLE LEAD ANNUITY TRUSTS

MAS Boston is named as beneficiary of seven irrevocable Charitable Lead Annuity Trusts (CLATs), which are controlled by a trustee on behalf of the donors. An employee of MAS Boston is the trustee of the CLATs. The donors established these CLATs and outlined certain distributions to be made to MAS Boston over the CLATs' terms. Upon termination of the CLATs, the trustee shall distribute all of the principal and undistributed income, net of any amount due to MAS Boston, to the beneficiaries designated by the donors as specified in the CLATs' agreements. The CLATs expire at various date through September 30, 2021.

Annual distributions to MAS Boston totaled \$15,900 for each of the years ended December 31, 2015 and 2014, and are included in net assets released from restrictions in the accompanying statements of activities and changes in net assets. The distributions are received in quarterly installments of \$3,975 until the CLATs terminate. At December 31, 2015 and 2014, the present value of the future distributions expected to be received by MAS Boston over the terms of the CLATs are \$73,560 and \$63,854, respectively, which are reflected as beneficial interest in lead trusts and temporarily restricted net assets in the accompanying statements of financial position. Changes in the fair value of the beneficial interest in lead trusts were \$25,606 and \$5,637 for the years ended December 31, 2015 and 2014, respectively, and are reflected as change in value of beneficial interest in lead trusts in the accompanying statements of activities and changes in net assets.

The changes in the CLATs measured at fair value for which MAS Boston has used Level 3 inputs to determine fair value were as follows at December 31:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 63,854	\$ 74,117
Change in fair value	25,606	5,637
Distributions from CLATs	<u>(15,900)</u>	<u>(15,900)</u>
Ending balance	<u>\$ 73,560</u>	<u>\$ 63,854</u>

8. RELATED PARTY TRANSACTIONS

During May 2014, the Executive Director loaned \$30,000 to MAS Boston to aid with cash flow issues prior to the annual Ramadan fundraiser. The loan was unsecured and non-interest bearing. MAS Boston paid this amount back to the Executive Director in July 2014.

One Board member of MAS Boston is married to the principal of Malik Academy, a tenant that pays rent to MAS Boston. As of December 31, 2015, \$12,892 is owed to MAS Boston from Malik Academy.

9. CONCENTRATION OF CREDIT RISK

MAS Boston maintains its cash balances in a bank in Massachusetts. The Federal Deposit Insurance Corporation insures balances up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. Management monitors, on a regular basis, the financial condition of the financial institutions, along with their balances, to keep this potential risk to a minimum.

10. MURABAHA AGREEMENT

On March 12, 2015, MAS Boston entered into a Murabaha agreement (Islamic Financing model) with the Islamic Development Bank (the IDB). The Murahaba agreement involves the IDB co-purchasing/financing the purchase of land and a building, which will be held by a Charitable Trust, to be established by MAS Boston. The financing provided by the IDB is contingent upon MAS Boston meeting certain terms of the agreement, namely obtaining external financing of \$3,500,000 and contributing \$1,600,000 in order to obtain \$5,000,000 in interest-free financing from the IDB. During 2015, MAS Boston terminated the Murabaha agreement.

11. RECLASSIFICATION

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.