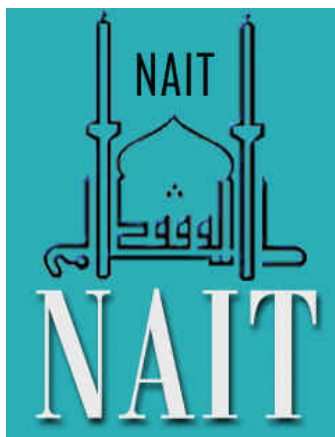


THE NAIT TIMES



INSIDE THIS ISSUE:

| | |
|---|----------|
| <i>Visit the NAIT Booths at ISNA</i> | 2 |
| <i>NAIT Supports ISNA Fatwa Against Terrorism</i> | 2 |
| <i>NAIT Financial Services</i> | 3 |
| <i>Arrange a Free Seminar About Islamic Investing in Your Community</i> | 3 |
| <i>You Asked</i> | 4 |
| <i>Not-for-Profit Minute</i> | 4 |

NAIT VISION

A righteous and thriving American Muslim community with sound and expanding human, economic, financial, intellectual, and *waqf* resources and institutions.

Why Should a Community Entrust Its Center's Title to NAIT?

In our Islamic tradition, titles to religious properties, including mosques, Islamic centers, and schools are held by a *waqf* (Islamic trust) institution. *Waqf* properties, or the value of these properties, become restricted on a perpetual basis, to serve the Islamic objectives prescribed at inception. In Muslim countries, *awqaf* ministries and other *waqf* entities organized by religious authorities or individuals protect and perpetuate the *waqf* properties. In the United States, NAIT discharges this important responsibility. NAIT can raise funds to perform this vital function, so that the service is provided at no cost to the centers. Since NAIT's founding in 1973 by the Muslim Students Association of U.S. & Canada (MSA, the predecessor of the Islamic Society of North America -ISNA), communities all over the United States have entrusted the titles of approximately 300 properties of Islamic centers and schools to NAIT.

The fundamental motivation for entrusting the title of a center to NAIT is that the founders who establish Islamic centers, and the committed successors who perpetuate them, want to keep these centers true to the Islamic purpose for which they were established. Many Islamic centers founded in the U.S., Europe, and Australia in the 19th and early 20th century became social clubs, or were lost through demographic changes, disrepair and property taxes. Placing a center in trust with NAIT ensures that a third party of national scope and stature is responsible for the preservation of the center for the Islamic aims for which it was founded. The trust document between the Islamic center and NAIT leaves the administration of the center to the local community, but requires NAIT to preserve it to serve the Muslim community in the cause of Islam.

In this arrangement, the local community conveys the title of the Islamic center property to NAIT as its trustee. NAIT is then bound to hold the title and the property for the exclusive benefit of the local community as beneficiary under the terms of a trust agreement. The property is possessed, used, and operated by the beneficiary (the Islamic center) exclusively for religious, educational, and similar activities in compliance with Islam, the beneficiary's constitution/by-laws, and the terms of the trust agreement. The trust agreement has been updated in light of recent developments. NAIT does not administer these institutions nor interferes with their daily management, and instead, responds to their needs.

continued on page 2

Committed to building
the Muslim Community

Join us!
www.nait.net info@nait.net



Visit the NAIT booths at ISNA: Dow Jones Islamic Fund Booth #1022 Islamic Book Service (IBS) Booths #922 and 1023

Why Should a Community Entrust Its Center's Title to NAIT?

cover story continued from page 1

In addition to this main goal, being a part of the NAIT family of centers provides a platform for the unity of Muslims, which Islamophobic forces are aiming to subvert. The centers might benefit in other ways when it entrusts its property to NAIT. Such benefits include the fact that center's assets are protected from liabilities arising from its organizational activities, such as lawsuits by a disgruntled individual or due to the mistakes of its officers.

NAIT has advanced millions of dollars in interest-free loans to centers to complete their infrastructure projects. Relationship with NAIT (e.g. the case of Tulsa, Oklahoma) can help in inducing the signing of construction contracts in the face of limited immediate availability of construction funds. Affiliation with NAIT helps in obtaining and renewing property tax exemption, and in dealings with the IRS.

During the last three decades, not one Islamic center or school has been lost through a lien or a court-imposed liquidation. Indeed, NAIT has been able to recover properties that were sold by county officials. For example, NAIT recovered a Muslim cemetery that was sold due to omissions of the local managers; the recovery cost to NAIT was high, but was only a fraction of the property value, and it averted heartache for the families of the deceased.

NAIT SUPPORTS FATWA AGAINST TERRORISM

ISSUED BY THE FIQH COUNCIL OF
NORTH AMERICA

The Fiqh Council of North America issued a fatwa on July 28, 2005 reaffirming Islam's absolute condemnation of terrorism and religious extremism. It included the following categorical statements:

"In the light of the teachings of the Qur'an and Sunnah we clearly and strongly state:

1. All acts of terrorism targeting civilians are haram (forbidden) in Islam.
2. It is haram for a Muslim to cooperate with any individual or group that is involved in any act of terrorism or violence.
3. It is the civic and religious duty of Muslims to cooperate with law enforcement authorities to protect the lives of all civilians."

For the entire text of the fatwa, visit:

<http://www.isna.net/index.php?>

Our Services for You:

Dow Jones Islamic Fund

- *Shariah-compatible Stocks*

Islamic Centers Division

- *Safeguarding Mosques and Islamic Schools*

Islamic Centers Cooperative Fund

- *Pooling Muslims' Funds for Mutual Benefit*

American Trust Publications (ATP)

- *Publisher of Credible Islamic Titles*

Islamic Book Service (IBS)

- *Distributor of Quality Islamic Literature*

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the Muslim Community

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NAIT Financial Services

One of NAIT's services for the Muslim community is the development of financial vehicles and products that are compatible with both the *shari'ah* and the American law. These products address the investment and financial needs of Muslim organizations, individuals and their businesses. NAIT has a long history of providing financial services to the American Muslim community. It established the Amana Mutual Funds: the Income Fund in 1986, and the Growth Fund in 1994. Currently, NAIT financial services include the Islamic Centers Cooperative Fund (ICCF) and the Dow Jones Islamic Fund.

Islamic Centers Cooperative Fund (ICCF)

NAIT established the ICCF to 1) assist communities in limiting dealings with *riba*-laden banks to bare necessities, by keeping centers' excess funds in the ICCF, 2) help pool the funds of centers for investment by NAIT, to provide for *shari'ah*-compliant growth in the centers' funds, and 3) support establishment of Islamic centers, masajid and schools by extending limited interest-free loans from the ICCF to needy communities. ICCF has extended several millions of dollars of such loans to needy communities.

Income-producing investments are an important component of a desirable and diverse financial base for our masajid and schools. Having significant funds in the ICCF is one way to strengthen our Muslim institutions.

The ICCF accepts funds either in trust (*Qard al-Hasan*), or as loans for *halal* investments yielding a potential gain for their participants. NAIT encourages you to start saving regularly into an ICCF account for the benefit of your community and of your future generations.

Dow Jones Islamic Fund (IMANX)

The Dow Jones Islamic Fund (IMANX) is a mutual fund offered by Allied Asset Advisors, a subsidiary of NAIT. It is the only fund of its kind offered by a not-for profit national Muslim organization. The Fund invests in *Shari'ah*-compliant companies. It includes, among others, shares of stocks from the Dow Jones Islamic Market Indexes, which consist solely of common stocks that meet universal Islamic principles, as advised by a *Shari'ah* Supervisory Board of six prominent Islamic scholars from six countries. For more information, visit www.investaaa.com.

ARRANGE A FREE NAIT SEMINAR ABOUT ISLAMIC INVESTING IN YOUR COMMUNITY

- We welcome requests for presentations of the **Dow Jones Islamic Fund** at Muslim Community Events, Masajid, Centers, Islamic Schools, and other institutions
- Presentations:
 - Weekends (Community Events, Masjid Programs, Islamic schools)
 - 1-2 Hour Slide Presentation with Handouts
 - Coordination with Nearby Centers
 - Investment Alternatives for:
 - Your Child's Education
 - Your Retirement

Toll free (877) 417-6161 or Email info@investaaa.com

NAIT Contact

Phone: 630.789.9191.

Fax: 630.789.9455

NAIT On the Web

www.islamicbookservice.org

www.investaaa.com

www.nait.net

E-Mail: info@nait.net

You Asked

Q. Some say that NAIT is among the national Islamic organizations that have been the target of a federal investigation. Is that so?

A. No, it is not true. Contrary to what may have been stated in the community by uninformed sources, NAIT has not received any notification that it is under federal investigation. Inquiries have been made to NAIT with reference to one or more organizations that have been widely reported in the national media.

Please send all questions to <info@nait.net>

NOT-FOR-PROFIT MINUTE

The imam of a tax-exempt Islamic center (also a board member) refuses to take a salary for his services, and lives on his income from a small business that he has funded with no-interest loans from his friends in the community. After several years of exemplary services as the imam, he runs into financial difficulties, but still refuses to take a salary. The board wants to alleviate his hardship and votes unanimously, with the imam having been asked to not attend the board meeting (to avoid conflict of interest), to (1) grant the imam a no-interest loan of \$10,000 that is repayable as and when the imam is capable of doing so, and (2) have the center assume the outstanding loans that the imam has from his friends, and issue the lenders receipts as if those are now charitable donations to the tax-exempt center.

QUESTION: Was anything improper or illegal done?

ANSWER: From a federal income tax standpoint, the imam should be paid a reasonable salary. The imam is an insider and a disqualified person with respect to the center. **Several exceptionally inappropriate actions were taken by the center in the situation described:**

- The new no-interest loan will result in imputed income to the imam.
- If that imputed income is not treated as part of the imam's compensation, it is an automatic excess benefit transaction. This would result in a 25 percent excise tax and all of the imputed income, plus interest, would have to be paid to the center.
- The board members of the center could be personally subject to a 10 percent excise tax for participating in these arrangements.
- Assignment of the old loans would not result in gifts by the lenders. Rather, the result would be income to the lenders. Deductibility as gifts requires a substantiation document from the center, which it should not provide.
- The making of the no-interest loan and assignment of the debts may constitute private inurement, which could jeopardize the center's tax-exempt status.

For additional reading, see *The Law of Tax-Exempt Organizations, 8th Edition* by Bruce R. Hopkins, published by John Wiley & Sons, Inc., Hoboken, New Jersey. Mr. Hopkins, with the Kansas City law firm of Polsinelli Shalton Welte Suelthaus, P.C., specializes in the representation of tax-exempt organizations, and NAIT is one of his clients.

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