

MUSLIM LEGAL FUND OF AMERICA, INC.

**Financial Statements
as of December 31, 2019
Together with Auditor's Report**

MUSLIM LEGAL FUND OF AMERICA, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Kopczyk, Osher, & Scott
Certified Public Accountants
4415 Harrison St. Suite 552
Hillside, IL 60162

Voice (312) 527-0111

Fax (312) 527-9441

www.rcscottcpa.com

Board of Directors
Muslim Legal Fund of America, Inc.

We have audited the accompanying financial statements of Muslim Legal Fund of America, Inc., which comprise the statement of financial position as of December 31, 2019 and the related statements 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 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 misstatements 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 aspects, the financial position of Muslim Legal Fund of America, Inc. 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.

KOPCZYK, OSHER, & SCOTT

KOPCZYK, OSHER, & SCOTT

Chicago, Illinois
October 25, 2021

**MUSLIM LEGAL FUND OF AMERICA, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>
CURRENT ASSETS	
Cash	\$ <u>93,531</u>
TOTAL CURRENT ASSETS	93,531
PROPERTY AND EQUIPMENT	
Equipment and Furniture	29,170
Less: Accumulated Depreciation	<u>(27,751)</u>
Net Property and Equipment	<u>1,419</u>
OTHER ASSETS	
Notes Receivable	<u>20,000</u>
TOTAL OTHER ASSETS	20,000
TOTAL ASSETS	<u>\$ 114,950</u>
CURRENT LIABILITIES	
Accounts Payable	\$ <u>730,836</u>
TOTAL CURRENT LIABILITIES	<u>730,836</u>
NET ASSETS	
WITHOUT DONOR RESTRICTIONS	<u>(615,886)</u>
TOTAL NET ASSETS	<u>(615,886)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 114,950</u>

The accompanying notes are an integral part of these statements.

MUSLIM LEGAL FUND OF AMERICA, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>
CONTRIBUTIONS	<u>\$ 3,972,792</u>
EXPENSES	
Program Services	\$ 3,125,144
Management and General	227,994
Fundraising	<u>235,628</u>
TOTAL EXPENSES	<u>\$ 3,588,766</u>
CHANGE IN NET ASSETS	\$ 384,026
Net Assets - Beginning of Year, Restated	<u>(999,912)</u>
Net Assets - End of Year	<u><u>\$ (615,886)</u></u>

The accompanying notes are an integral part of these statements.

MUSLIM LEGAL FUND OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
CLCMA Grant Expense	\$1,219,193	\$ -	\$ -	\$1,219,193
Case Legal Fees and Expenses	463,255	-	-	463,255
Program Consulting Expense	209,601	-	-	209,601
Program Speaking Events Expense	441,334	-	-	441,334
Salaries and Wages	469,446	141,725	200,139	811,310
Payroll Taxes	34,805	14,976	10,605	60,386
Employee Benefits	23,756	10,207	7,235	41,198
Bank and Credit Card Fees	67,681	5,878	-	73,559
Contributions	10,600	-	-	10,600
Depreciation Expense	178	177	-	355
Dues and Subscriptions	16,342	-	-	16,342
Equipment Lease	3,594	3,594	-	7,188
Insurance	6,135	6,135	-	12,270
Licenses and Permits	2,575	2,575	-	5,150
Office Expense	5,732	5,731	-	11,463
Postage and Delivery	5,331	5,331	-	10,662
Printing and Reproduction	10,738	10,738	-	21,476
Professional Fees	6,563	6,563	-	13,126
Marketing Expense	113,921	-	14,456	128,377
Rent Expenses	10,195	10,195	2,266	22,656
Telephone Expense	<u>4,169</u>	<u>4,169</u>	<u>927</u>	<u>9,265</u>
TOTAL EXPENSES	<u>\$3,125,144</u>	<u>\$ 227,994</u>	<u>\$ 235,628</u>	<u>\$3,588,766</u>

The accompanying notes are an integral part of this statement

MUSLIM LEGAL FUND OF AMERICA, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	384,026
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		355
Accounts Payable		<u>(301,197)</u>
		(300,842)
Net Cash Provided by Operating Activities		<u>83,184</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Equipment		<u>(1,774)</u>
Net Cash Used by Investing Activities		(1,774)

CASH FLOWS FROM INVESTING ACTIVITIES:

Notes Receivable Advances		<u>(20,000)</u>
Net Cash Used by Investing Activities		(20,000)

NET INCREASE IN CASH 61,410

CASH – BEGINNING OF YEAR 32,121

CASH – END OF YEAR \$ 93,531

The accompanying notes are an integral part of these statements.

MUSLIM LEGAL FUND OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Muslim Legal Fund of America, Inc. (the Organization) is a nonprofit organization in Richardson, Texas. It is organized as a Texas corporation with no capital stock. The Organization supports legal cases across the United States which impact civil rights, freedoms, liberties, and principles of justice. The Organization also provides sponsorship and educational resources to the other nonprofit organizations. The Organization is supported primarily through individual contributions and grants.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor lists, conducting special fundraising events, and other activities involved with soliciting contributions from individuals and others.

Basis of Accounting

The Organization prepares its financial statements using the accrual basis of accounting principles generally accepted in the United States of America.

MUSLIM LEGAL FUND OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncement

Effective January 1, 2018, the Association adopted Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “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 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 expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

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 could differ from those estimates.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are recorded as support without donor restrictions or support with donor restrictions support depending on the existence of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same accounting period as that in which they are received are reported as support without donor restrictions.

MUSLIM LEGAL FUND OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Organization capitalizes all acquisitions of property and equipment in excess of \$500. Property and equipment are stated at cost or at estimated value on date of donation. Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which is five years. Gains and losses from the sale of property and equipment are included in income. Maintenance and repairs are charged to expenses.

Liquidity

The Organization has \$93,531 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$93,531. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated based on an allocation method that is reasonable and consistently applied. Management has allocated expenses based on estimates of time and effort.

MUSLIM LEGAL FUND OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

Muslim Legal Fund of America, Inc. is a not-for-profit organization that is operating as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income nor unrecognized tax benefits for the years ended December 31, 2019. Each of the Organization's prior three years remains subject to examination by the Internal Revenue Service. The Organization has evaluated its tax positions for all open tax years. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2019.

Subsequent Events

The financial statements were available to be issued on October 25, 2021 with subsequent events being evaluated through this date.

NOTE 2. RESTATEMENT OF NET ASSETS, BEGINNING OF YEAR

The Organization has restated its net assets, beginning of year in the total amount of (\$488,809); (\$444,454) for correction of accounts payable and (\$44,355) for other corrections.

Net assets, beginning of year	\$ (511,103)
Accounts payable correction	(444,454)
Other corrections	<u>(44,355)</u>
Total corrections	<u>(488,809)</u>
Restated net assets, beginning of year	<u><u>\$(999,912)</u></u>

MUSLIM LEGAL FUND OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. GRANT EXPENSE AND RELATED PARTY TRANSACTIONS

In July 2014 the Organization entered into an agreement with Constitutional Law Center for Muslims in America, Inc. (CLCMA), a Texas not-for-profit organization that is operating under Section 501(c)(3) of the Internal Revenue Code, to provide financial support including office expenses, compensation, and case expenses. CLCMA provides legal representation for legal cases that the board of directors of the Muslim Legal Fund of America, Inc. (MFLA) the board of directors of CLCMA have agreed upon. MFLA appoints the board of directors for CLCMA. The total CLCMA grant expense for year ended December 31, 2019 was \$1,219,193.

NOTE 4. LEASE COMMITMENTS

The Organization leases office space. Rent expense for the year ended December 31, 2019 was \$22,656. The Organization has a lease on this office space with a monthly payment of \$2,298. The lease expires on July 31, 2021. The following are future minimum lease payments as of December 31, 2019:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2020	<u>\$27,576</u>
2021	<u>\$16,086</u>

NOTE 5. SUBSEQUENT EVENTS

Subsequent to year-end, on June 5, 2020, the Organization had \$227,000 of its year ended December 31, 2019 accounts payable forgiven by one of its law firm vendors. The total amount owed to this vendor as of year ended December 31, 2019 is \$590,259 of which \$227,000 was forgiven and \$363,259 was subsequently paid.