

MUSLIM LEGAL FUND OF AMERICA, INC.

**Financial Statements
as of December 31, 2021
Together with Auditor's Report**

MUSLIM LEGAL FUND OF AMERICA, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expense	4
Statement of Cash Flows	5
Notes to Financial Statements	6-11

INDEPENDENT AUDITOR'S REPORT

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, 2021 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, 2021 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

Chicago, Illinois

, 2022

MUSLIM LEGAL FUND OF AMERICA, INC.

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>
CURRENT ASSETS	
Cash	\$ 1,215,630
Accounts Receivable	56,132
Notes Receivable	-
Other Current Assets	<u>68,690</u>
TOTAL CURRENT ASSETS	1,340,452
PROPERTY AND EQUIPMENT	
Equipment and Furniture	29,170
Less: Accumulated Depreciation	<u>(27,900)</u>
TOTAL ASSETS	<u>\$ 1,341,722</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 70,886
Accrued Wages	<u>10,962</u>
TOTAL CURRENT LIABILITIES	<u>\$ 81,848</u>
LONG-TERM LIABILITIES	
SBA Loan- Long-Term	\$ <u>150,000</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 150,000</u>
TOTAL LIABILITIES	<u>\$ 231,848</u>
NET ASSETS	
Net Assets Without Restrictions	\$ 1,109,874
Net Assets With Restrictions	<u>-</u>
TOTAL NET ASSETS	<u>\$ 1,109,874</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,341,722</u>

The accompanying notes are an integral part of these statements.

MUSLIM LEGAL FUND OF AMERICA, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE			
SBA Loan Forgiveness	\$ 10,000	\$ -	\$ 10,000
Contributions	2,927,756	-	2,927,756
PPP Loan Forgiveness	288,749	-	288,749
Other Income	7,021	-	7,021
TOTAL REVENUE	\$ 3,233,526	-	\$ 3,233,526
EXPENSES			
Program Services	\$ 2,180,838	-	\$ 2,180,838
Management and General	293,169	-	293,169
Fundraising	179,394	-	179,394
TOTAL EXPENSE	\$ 2,653,401	-	\$ 2,653,401
CHANGE IN NET ASSETS	\$ 580,125	-	\$ 580,125
BEGINNING NET ASSETS	\$ 529,750	-	\$ 529,750
ENDING NET ASSETS	\$ 1,109,875	\$ -	\$ 1,109,875

The accompanying notes are an integral part of these statements.

MUSLIM LEGAL FUND OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
CLCMA Grant Expense	\$ 1,125,000	\$ -	\$ -	\$ 1,125,000
Case Legal Fees and Expenses	191,084	-	-	191,084
Program Consulting Expense	314,067	-	-	314,067
Program Speaking Event Expense	114,428	-	33,186	147,614
Salaries and Wages	75,362	178,659	66,551	320,572
Payroll Taxes	-	33,195	-	33,195
Employee Benefits	25,973	3,036	4,722	33,731
Bank and Credit Card Fees	-	-	31,774	31,774
Contributions	31,700	-	-	31,700
Professional fees	140,471	-	21,548	162,019
Depreciation Expense	-	1,014	-	1,014
Dues and Subscriptions	43,092	13,493	-	56,585
Insurance	-	36,884	-	36,884
Licenses and Permits	-	6,398	-	6,398
Office Expense	12,381	19,988	-	32,369
Scholarships	55,000	-	-	55,000
Rent Expenses	17,698	-	-	17,698
Other Expense	34,582	502	21,613	56,697
TOTAL EXPENSES	\$ 2,180,838	\$ 293,169	\$ 179,394	\$ 2,653,401

The accompanying notes are an integral part of this statement

MUSLIM LEGAL FUND OF AMERICA, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	580,124
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		1,014
Accounts Receivable		(24,467)
Notes Receivable		175,000
Prepaid Non-Profit Compliance Fees		(67,530)
Prepaid Expenses		0
Accounts Payable		34,560
Accrued Expenses		(6,426)
Notes Payable – Current Portion		(6,626)
Refundable Advance		<u>(144,374)</u>
Net Cash Provided by Operating Activities	\$	<u>541,275</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net Cash (Provided) Used by Investing Activities	\$	<u>0</u>
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CASH FLOWS FROM FINANCING ACTIVITIES:

Payment of Notes Payable Long Term	\$	(153,374)
Proceeds from SBA Paycheck Protection Program		<u>150,000</u>

Net Cash Used by Financing Activities	\$	<u>(3,374)</u>
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NET INCREASE (DECREASE) IN CASH 537,901

CASH – BEGINNING OF YEAR 677,729

CASH – END OF YEAR \$ 1,215,630

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.

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 (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.

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 (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 \$1,344,440 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$1,215,630, accounts receivable of \$56,132 and other current assets of \$68,690. 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.

Donated Noncash Assets

Contributions of donated noncash assets are recorded at their fair values in the period received.

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.

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 (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, 2021. 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, 2021.

Subsequent Events

The financial statements were available to be issued on _____, 2022 with subsequent events being evaluated through this date.

NOTE 2. ACCOUNTS RECEIVABLE

Accounts receivable consist of donations receivable. All amounts have been collected subsequent to year-end. No allowance for bad debts is required.

NOTE 3. NOTES RECEIVABLE

Notes receivable in its entirety of \$175,000 has been received on May 11, 2021.

The accompanying notes are an integral part of these statements.

MUSLIM LEGAL FUND OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. 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, 2021 was \$1,125,000.

NOTE 5. LEASE COMMITMENTS

The Organization leases office space. Rent expense for the year ended December 31, 2021 was \$17,698. The Organization signed a new lease contract effective February 1, 2021 with monthly payments of \$1,400. The new lease expired on January 31, 2022.

NOTE 6. PAYROLL PROTECTION PROGRAM REFUNDABLE ADVANCE

On February 17, 2021, the Organization received loan proceeds in the amount of approximately \$144,375 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks or after 24 weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The loan was forgiven fully on July 19, 2021.

The accompanying notes are an integral part of these statements.

MUSLIM LEGAL FUND OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. NOTES PAYABLE

Note Payable to SBA EID, N.A. with interest at prime, plus 1.5% due March 10, 2030	<u>\$ 150,000</u>
Total Notes Payable – SBA, Long-Term	<u>\$ 150,000</u>

The accompanying notes are an integral part of these statements.