

MUSLIM LEGAL FUND OF AMERICA, INC.

FINANCIAL STATEMENTS

December 31, 2009

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Mike Dunson, CPA
12655 N. Central Expressway, Suite 700
Dallas, Texas 75243
Tel (972) 458-1182 Fax (972) 934-0633

Board of Directors
Muslim Legal Fund of America, Inc.
Richardson, Texas

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of Muslim Legal Fund of America, Inc. as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly in all material respects, the financial position of Muslim Legal Fund of America, Inc. as of December 31, 2009, and the changes in net assets, functional expenses, and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Mike Dunson

June 20, 2011
Mike Dunson, CPA
Dallas, Texas

MUSLIM LEGAL FUND OF AMERICA, INC.
STATEMENT OF FINANCIAL POSITION

	<u>December 31,</u> <u>2009</u>
<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ 111,745
Total Current Assets	<u>111,745</u>
Property and Equipment	
Furniture and equipment	33,508
Less: Accumulated depreciation	<u>18,141</u>
Total Property and Equipment	<u>15,367</u>
Deposit	<u>1,970</u>
TOTAL ASSETS	<u>\$ 129,082</u>
<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES	
Accounts payable	\$ 175,731
Accrued expenses	<u>10,793</u>
TOTAL LIABILITIES	<u>186,524</u>
NET ASSETS	
Unrestricted net assets (deficit)	(57,442)
TOTAL NET ASSETS	<u>(57,442)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 129,082</u>

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.
STATEMENT OF ACTIVITIES

	Year Ended December 31, 2009
UNRESTRICTED NET ASSETS	
Unrestricted Support and Revenues	
Donations	\$ 1,134,648
Total Unrestricted Revenues	<u>1,134,648</u>
Expenses	
Grants and program services	875,521
Management and administrative expenses	214,152
Fundraising	195,560
Total Expenses	<u>1,285,233</u>
INCREASE (DECREASE) IN NET ASSETS	(150,585)
NET ASSETS, Beginning of year	93,143
NET ASSETS (DEFICIT), End of year	<u><u>\$ (57,442)</u></u>

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.
STATEMENT OF CASH FLOWS

	Year Ended December 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ (150,585)
Adjustments to reconcile net income to cash provided by operating activities	
Depreciation	5,187
Increase (decrease) in accounts payable	87,395
Increase (decrease) in accrued expenses	808
Net Cash Provided by Operating Activities	<u>(57,195)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(1,257)</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,257)</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (58,452)
 CASH AND CASH EQUIVALENTS, Beginning of year	 <u>170,197</u>
 CASH AND CASH EQUIVALENTS, End of year	 <u><u>\$ 111,745</u></u>

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2009

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total Supportive Services</u>	<u>Total Expenses</u>
Case expenses	\$ 625,981	\$	\$	\$	\$ 625,981
Salaries	134,375	109,093	69,582	178,675	313,050
Taxes	12,309	12,309		12,309	24,618
Professional fees	14,956	14,956		14,956	29,912
Fundraising expense			90,761	90,761	90,761
Advertising and promotion	15,911		15,911	15,911	31,822
Office expense	14,064	14,064		14,064	28,128
Rent expense	10,835	10,835		10,835	21,670
Travel and entertainment	40,169	40,169		40,169	80,338
Conventions	4,256				4,256
Bank and credit card fees			19,306	19,306	19,306
Gifts and contributions	71	10,133		10,133	10,204
Depreciation expense	2,594	2,593		2,593	5,187
TOTALS	<u>\$ 875,521</u>	<u>\$ 214,152</u>	<u>\$ 195,560</u>	<u>\$ 409,712</u>	<u>\$ 1,285,233</u>

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The 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 is supported primarily through donor contributions, grants, and special events.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Non-cash contributions are recorded at their fair value when significant.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. These contributed services are not recorded in the financial statements.

Allocation of Expenses

The costs of providing the Organization's various programs and services are summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated to the Organization's program and supportive services.

Income taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity under Section 509(a)(2) of the Internal Revenue Code.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include all highly liquid investments available for current use with an initial maturity of three months or less.

Property and Equipment

It is generally the Organization's policy to capitalize property and equipment over \$200. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation expense was \$5,187 for the year ended December 31, 2009. Depreciation is provided by the straight-line method over the estimated useful lives of the assets which are 7 years for furniture and 5 years for office equipment.

MUSLIM LEGAL FUND OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to a concentration of credit risk consist of cash. In the normal course of operations, the Organization may have bank account balances in excess of federally insured limits.

Subsequent Events

For the year ended December 31, 2009, management has evaluated subsequent events for potential recognition and disclosure through June 20, 2011, the date the financial statements were available to be issued.

NOTE 2 – COMMITMENTS AND CONTINGENT LIABILITIES

Employees are entitled to paid vacation and sick leave. 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 Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

The Organization committed to a lease for its office facilities beginning in June, 2007. Rent expense for the years ended December 31, 2009 was \$21,670. The following are future minimum lease payments at December 31, 2009:

Year Ended December 31,	Amount
2010	\$ 24,816
2011	12,903
	<u>\$ 37,719</u>