

MUSLIM LEGAL FUND OF AMERICA, INC.

FINANCIAL STATEMENTS

December 31, 2011 and 2010

INDEX

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses - 2011	5
Statement of Functional Expenses - 2010	6
Notes to the Financial Statements	7 - 8

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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, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years 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, 2011 and 2010, and the changes in net assets, cash flows, and functional expenses for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Mike Dunson, CPA
May 16, 2012

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

	December 31, 2011	December 31, 2010
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 271,686	112,193
Total Current Assets	<u>271,686</u>	<u>112,193</u>
Property and Equipment		
Furniture and equipment	34,348	33,748
Less: Accumulated depreciation	<u>27,619</u>	<u>22,912</u>
Total Property and Equipment	<u>6,729</u>	<u>10,836</u>
Deposit	<u>1,970</u>	<u>1,970</u>
TOTAL ASSETS	<u>\$ 280,385</u>	<u>124,999</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 64,066	147,120
Accrued expenses	<u>13,324</u>	<u>10,646</u>
TOTAL LIABILITIES	<u>77,390</u>	<u>157,766</u>
NET ASSETS		
Unrestricted net assets (deficit)	202,995	(32,767)
TOTAL NET ASSETS	<u>202,995</u>	<u>(32,767)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 280,385</u>	<u>124,999</u>

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.
STATEMENT OF ACTIVITIES

	Year Ended December 31, 2011	Year Ended December 31, 2010
UNRESTRICTED NET ASSETS		
Unrestricted Support and Revenues		
Donations	\$ 2,027,736	1,481,692
Total Unrestricted Revenues	<u>2,027,736</u>	<u>1,481,692</u>
Expenses		
Grants and program services	1,249,549	1,079,908
Management and administrative expenses	233,040	209,172
Fundraising	309,385	167,937
Total Expenses	<u>1,791,974</u>	<u>1,457,017</u>
INCREASE IN NET ASSETS	235,762	24,675
NET ASSETS, Beginning of year	(32,767)	(57,442)
NET ASSETS (DEFICIT), End of year	<u>\$ 202,995</u>	<u>(32,767)</u>

See accompanying notes

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

	Year Ended December 31, 2011	Year Ended December 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 235,762	24,675
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation	4,707	4,771
Increase (decrease) in accounts payable	(83,054)	(28,611)
Increase (decrease) in accrued expenses	2,678	(147)
Net Cash Provided by Operating Activities	<u>160,093</u>	<u>688</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(600)</u>	<u>(240)</u>
Net Cash Provided (Used) by Investing Activities	<u>(600)</u>	<u>(240)</u>
INCREASE IN CASH AND AND CASH EQUIVALENTS	159,493	448
CASH AND CASH EQUIVALENTS, Beginning of year	<u>112,193</u>	<u>111,745</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 271,686</u></u>	<u><u>112,193</u></u>

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2011

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total Supportive Services</u>	<u>Total Expenses</u>
Case expenses	\$ 878,113	\$	\$	\$	\$ 878,113
Salaries	177,891	101,492	31,160	132,652	310,543
Taxes	15,985	9,120	2,800	11,920	27,905
Professional fees		12,300		12,300	12,300
Fundraising expense			176,458	176,458	176,458
Advertising and promotion	52,260		52,260	52,260	104,520
Office expense	37,968	37,968		37,968	75,936
Rent expense	11,030	11,030		11,030	22,060
Travel and entertainment	58,777	58,777		58,777	117,554
Conventions			29,636	29,636	29,636
Bank and credit card fees			17,071	17,071	17,071
Gifts and contributions	15,172				15,172
Depreciation expense	2,353	2,353		2,353	4,706
TOTALS	\$ <u>1,249,549</u>	\$ <u>233,040</u>	\$ <u>309,385</u>	\$ <u>542,425</u>	\$ <u>1,791,974</u>

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total Supportive Services</u>	<u>Total Expenses</u>
Case expenses	\$ 526,078	\$	\$	\$	\$ 526,078
Salaries	174,882	72,272	40,357	112,629	287,511
Taxes - payroll	15,939	6,587	3,678	10,265	26,204
Professional fees	29,704	33,929		33,929	63,633
Fundraising expense	173,005	39,924	53,233	93,157	266,162
Advertising and promotion	24,506		24,506	24,506	49,012
Office expense	23,895	23,895		23,895	47,790
Rent expense	12,805	12,805		12,805	25,610
Travel and entertainment	75,290	17,375	23,166	40,541	115,831
Conventions			412	412	412
Bank and credit card fees			22,585	22,585	22,585
Gifts and contributions	21,418				21,418
Depreciation expense	2,386	2,385		2,385	4,771
TOTALS	\$ <u>1,079,908</u>	\$ <u>209,172</u>	\$ <u>167,937</u>	\$ <u>377,109</u>	\$ <u>1,457,017</u>

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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 \$4,706 and \$4,771 for the years ended December 31, 2011 and 2010. 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
DECEMBER 31, 2011 AND 2010

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, 2011, management has evaluated subsequent events for potential recognition and disclosure through May 16, 2012, 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. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

The Organization is committed to a lease for its office facilities. Rent expense was \$22,060 and \$25,610 for the years ended December 31, 2011 and 2010. The following are future minimum lease payments at December 31, 2011:

Year Ended December 31,	Amount
2012	\$ 21,098
2013	12,642
	<u>\$ 33,740</u>