

**MUSLIM LEGAL FUND OF AMERICA, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2013 and 2012**

## **INDEX**

	<b><u>Page</u></b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses - 2013	6
Statement of Functional Expenses - 2012	7
Notes to the Financial Statements	8 - 9

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

**INDEPENDENT AUDITOR'S REPORT**

**Report on the Financial Statements**

I have audited the accompanying financial statements of Muslim Legal Fund of America, Inc. as of December 31, 2013 and 2012, which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities, cash flows and functional expenses for the years 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**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits 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 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 misstatement 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**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, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Mike Dunson". The signature is written in a cursive, flowing style.

Mike Dunson, CPA  
July 31, 2014

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

	December 31, 2013	December 31, 2012
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 263,663	141,829
Prepaid expenses	4,394	5,957
Total Current Assets	<u>268,057</u>	<u>147,786</u>
Property and Equipment		
Furniture and equipment	42,898	41,698
Less: Accumulated depreciation	36,094	32,306
Total Property and Equipment	<u>6,804</u>	<u>9,392</u>
Deposits	<u>4,519</u>	<u>4,519</u>
TOTAL ASSETS	<u>\$ 279,380</u>	<u>161,697</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 43,517	169,855
Accrued expenses	20,406	37,300
TOTAL LIABILITIES	<u>63,923</u>	<u>207,155</u>
NET ASSETS		
Unrestricted net assets (deficit)	215,457	(45,458)
TOTAL NET ASSETS	<u>215,457</u>	<u>(45,458)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 279,380</u>	<u>161,697</u>

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.  
STATEMENT OF ACTIVITIES

	Year Ended December 31, 2013	Year Ended December 31, 2012
UNRESTRICTED NET ASSETS		
Unrestricted Support and Revenues		
Donations	\$ 2,665,312	2,187,423
Total Unrestricted Revenues	<u>2,665,312</u>	<u>2,187,423</u>
Expenses		
Grants and program services	1,765,275	1,746,708
Management and administrative expenses	215,454	240,272
Fundraising	423,668	448,896
Total Expenses	<u>2,404,397</u>	<u>2,435,876</u>
INCREASE (DECREASE) IN NET ASSETS	260,915	(248,453)
NET ASSETS (DEFICIT), Beginning of year	(45,458)	202,995
NET ASSETS, End of year	<u>\$ 215,457</u>	<u>(45,458)</u>

See accompanying notes

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

	Year Ended December 31, <u>2013</u>	Year Ended December 31, <u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 260,915	(248,453)
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation	3,788	4,687
Decrease (increase) in prepaid expenses	1,563	(5,957)
Decrease (increase) in deposits		(2,549)
Increase (decrease) in accounts payable	(126,338)	105,789
Increase (decrease) in accrued expenses	<u>(16,894)</u>	<u>23,976</u>
Net Cash Provided by Operating Activities	<u>123,034</u>	<u>(122,507)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(1,200)</u>	<u>(7,350)</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,200)</u>	<u>(7,350)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	121,834	(129,857)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>141,829</u>	<u>271,686</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 263,663</u>	<u>141,829</u>

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2013

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total Supportive Services</u>	<u>Total Expenses</u>
Program expenses	\$ 745,764	\$	\$	\$	\$ 745,764
Salaries	781,031	33,329	69,116	102,445	883,476
Advertising and promotion			27,414	27,414	27,414
Bank and credit card fees			35,226	35,226	35,226
Consulting expenses	14,766				14,766
Conventions	2,154				2,154
Depreciation expense		3,788		3,788	3,788
Dues and subscriptions	11,943				11,943
Fundraising events			284,270	284,270	284,270
Gifts and contributions	18,132				18,132
Insurance	7,164				7,164
Licenses and permits	3,966				3,966
Meetings expense		2,804		2,804	2,804
Office expense		6,232		6,232	6,232
Postage and delivery		6,462	6,462	12,924	12,924
Printing expense		1,180	1,180	2,360	2,360
Professional fees		10,000		10,000	10,000
Rent expense		76,892		76,892	76,892
Rep expenses	5,889				5,889
Taxes		70,909		70,909	70,909
Telephone	3,859	3,858		3,858	7,717
Travel and entertainment	170,607				170,607
<b>TOTALS</b>	<b>\$ <u>1,765,275</u></b>	<b>\$ <u>215,454</u></b>	<b>\$ <u>423,668</u></b>	<b>\$ <u>639,122</u></b>	<b>\$ <u>2,404,397</u></b>

See accompanying notes



MUSLIM LEGAL FUND OF AMERICA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2012

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total Supportive Services</u>	<u>Total Expenses</u>
Program expenses	\$ 878,728	\$	\$	\$	\$ 878,728
Salaries	585,635	83,239	40,995	124,234	709,869
Advertising and promotion			118,041	118,041	118,041
Bank and credit card fees	26,014				26,014
Conventions	5,910				5,910
Depreciation expense		4,687		4,687	4,687
Fundraising expenses			286,553	286,553	286,553
Gifts and contributions	14,935				14,935
Office expense		87,067		87,067	87,067
Professional fees		7,400		7,400	7,400
Rent expense		51,165		51,165	51,165
Taxes	47,239	6,714	3,307	10,021	57,260
Travel and entertainment	188,247				188,247
 TOTALS	 \$ <u>1,746,708</u>	 \$ <u>240,272</u>	 \$ <u>448,896</u>	 \$ <u>689,168</u>	 \$ <u>2,435,876</u>

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

**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 classified as a tax-exempt entity under the Internal Revenue Code Section 501(c)(3), and accordingly no provision for federal income tax is required related to the tax-exempt purpose of the Organization. The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS for three years after they are filed.

*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 \$3,788 and \$4,687 for the years ended December 31, 2013 and 2012. 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, 2013 AND 2012

**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, 2013, management has evaluated subsequent events for potential recognition and disclosure through July 31, 2014, 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 leases for office facilities in ten locations. Rent expense was \$76,892 and \$51,165 for the years ended December 31, 2013 and 2012. The following are future minimum lease payments at December 31, 2013:

Year Ended December 31,	Amount
2014	\$ 27,914
	<u>\$ 27,914</u>