MUSLIM LEGAL FUND OF AMERICA, INC.

FINANCIAL STATEMENTS

December 31, 2014 and 2013

INDEX

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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, 2014 and 2013, which comprise the statement of financial position as of December 31, 2014 and 2013, 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, 2014 and 2013, 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.

Mike Dunson

Mike Dunson, CPA
July 24, 2015

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

	December 31, 2014	December 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 525,364	$ 263,663
Prepaid expenses		4,394
Total Current Assets	525,364	268,057
Property and Equipment		
Furniture and equipment	54,030	42,898
Less: Accumulated depreciation	39,291	36,094
Total Property and Equipment	14,739	6,804
Deposits	4,030	4,519
TOTAL ASSETS	$ 544,133	$ 279,380
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 314,183	$ 43,517
Accrued expenses	15,229	20,406
TOTAL LIABILITIES	329,412	63,923
NET ASSETS		
Unrestricted net assets	214,721	215,457
TOTAL NET ASSETS	214,721	215,457
TOTAL LIABILITIES AND NET ASSETS	$ 544,133	$ 279,380

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.
STATEMENT OF ACTIVITIES

	Year Ended December 31, 2014	Year Ended December 31, 2013
UNRESTRICTED NET ASSETS		
Unrestricted Support and Revenues		
Donations	$ 1,960,913	$ 2,665,312
Total Unrestricted Revenues	1,960,913	2,665,312
Expenses		
Grants and program services	1,601,128	1,938,629
Management and administrative expenses	143,262	111,216
Fundraising	217,259	354,552
Total Expenses	1,961,649	2,404,397
INCREASE (DECREASE) IN NET ASSETS	(736)	260,915
NET ASSETS (DEFICIT), Beginning of year	215,457	(45,458)
NET ASSETS, End of year	$ 214,721	$ 215,457

See accompanying notes

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

	Year Ended December 31, 2014	Year Ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (736)	$ 260,915
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation	3,197	3,788
Decrease (increase) in prepaid expenses	4,394	1,563
Decrease (increase) in deposits	489	
Increase (decrease) in accounts payable	270,666	(126,338)
Increase (decrease) in accrued expenses	(5,177)	(16,894)
Net Cash Provided by Operating Activities	272,833	123,034
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(11,132)	(1,200)
Net Cash Provided (Used) by Investing Activities	(11,132)	(1,200)
INCREASE IN CASH AND CASH EQUIVALENTS	261,701	121,834
CASH AND CASH EQUIVALENTS, Beginning of year	263,663	141,829
CASH AND CASH EQUIVALENTS, End of year	$ 525,364	$ 263,663

See accompanying notes

MUSLIM LEGAL FUND OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014

	Program Services	Management & General	Fundraising	Total Supportive Services	Total Expenses
Case expenses	$ 470,734	$	$	$	$ 470,734
Sponsorships	578,050				578,050
Other program expenses	107,876				107,876
Salaries	337,363	42,170	42,170	84,340	421,703
Taxes - payroll	24,757	3,095	3,095	6,190	30,947
Bank and credit card fees			30,742	30,742	30,742
Consulting expense	1,755				1,755
Depreciation expense		3,197		3,197	3,197
Dues and subscriptions	5,242				5,242
Fundraising expenses			102,177	102,177	102,177
Gifts and contributions	7,733				7,733
Insurance	5,182				5,182
Licenses and permits	3,623				3,623
Marketing expense			28,264	28,264	28,264
Meetings expense		444		444	444
Office expense		11,076		11,076	11,076
Postage and delivery		10,365	10,364	20,729	20,729
Printing and reproduction		447	447	894	894
Professional fees		30,540		30,540	30,540
Rent expense		37,889		37,889	37,889
Rep expenses	845				845
Scholarship	5,000				5,000
Telephone expense	4,039	4,039		4,039	8,078
Travel and entertainment	48,929				48,929
TOTALS	$ 1,601,128	$ 143,262	$ 217,259	$ 360,521	$ 1,961,649

See accompanying notes

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

	Program Services	Management & General	Fundraising	Total Supportive Services	Total Expenses
Case fees and expenses	$ 524,068	$	$	$	$ 524,068
Program fees and expenses	221,696				221,696
Salaries	883,476				883,476
Taxes	70,909				70,909
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
Marketing expense			27,414	27,414	27,414
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
Telephone	3,859	3,858		3,858	7,717
Travel and entertainment	170,607				170,607
TOTALS	$ 1,938,629	$ 111,216	$ 354,552	$ 465,768	$ 2,404,397

See accompanying notes

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 also provides sponsorships to other nonprofit organizations. 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. As of December 31, 2014, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. 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 and therefore the Organization's 2011, 2012, and 2013 Forms 990 are subject to examination by the IRS as of December 31, 2014.

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 $3,197 and $3,788 for the years ended December 31, 2014 and 2013. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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, 2014, management has evaluated subsequent events for potential recognition and disclosure through July 24, 2015, the date the financial statements were available to be issued.

NOTE 2 – COMMITMENTS AND CONTINGENT LIABILITIES

The Organization has an agreement with Constitutional Law Center for Muslims in America, Inc. (CLCMA), a Texas nonprofit corporation to provide financial support including office expenses, compensation, and case expenses. CLCMA provides legal representation for legal cases that board of directors of Muslim Legal Fund of America, Inc. (MLFA) and the board of directors of CLCMA have agreed to. CLCMA has a five year firm-to-firm agreement with an attorney firm. The firm-to-firm agreement includes a non-cancellable payment of $250,000 to the attorney firm if CLCMA terminates the agreement after two years. MLFA has agreed to guarantee the obligations of CLCMA under the agreement. In 2014, total contributions paid by MLFA to CLCMA was $328,551 and is included in sponsorships expense.

The Organization is committed to leases for office facilities. Rent expense was $37,889 and $76,892 for the years ended December 31, 2014 and 2013. The following are future minimum lease payments at December 31, 2014:

Year Ended December 31,		Amount
2015	$	58,308
2016		58,308
2017		59,673
2018		61,584
2019		52,349

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.