



Certified Public Accountants
and Financial Advisors

Muslims for Progressive Values
Financial Statements
December 31, 2019

INDEX TO FINANCIAL STATEMENTS

Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Management of
Muslims for Progressive Values
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of Muslims for Progressive Values (a California Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2019, 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 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, 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 respects, the financial position of Muslims for Progressive Values as of December 31, 2019, 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.

SQUAR MILNER LLP

SQUAR MILNER LLP

Woodland Hills, California

February 25, 2020

MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF FINANCIAL POSITION
December 31, 2019

Assets

Current assets

Cash and cash equivalents	\$ 205,207
Contributions receivable	22,318
Prepaid expenses	1,800
Total current assets	<u>229,325</u>

Website	25,000
Accumulated amortization	(694)
	<u>24,306</u>

Total assets	<u><u>\$ 253,631</u></u>
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Liabilities and Net Assets

Current liabilities

Accounts payable and accrued expenses	\$ 7,428
Deferred revenue	133,811
Total current liabilities	<u>141,239</u>

Net assets

Without donor restrictions	65,074
With donor restrictions	47,318
Total net assets	<u>112,392</u>

Total liabilities and net assets	<u><u>\$ 253,631</u></u>
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MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support			
Foundation grants	\$ 132,625	\$ 45,000	\$ 177,625
Contributions	38,664	2,318	40,982
Special events	8,005	-	8,005
Government grants	7,211	-	7,211
Other income	2,165	-	2,165
Net assets released from restrictions for:			
Time	53,338	(53,338)	-
Programs	2,605	(2,605)	-
Total revenues and support	<u>244,613</u>	<u>(8,625)</u>	<u>235,988</u>
Expenses			
Program services	205,233	-	205,233
Management and general	32,052	-	32,052
Fundraising	23,164	-	23,164
Total expenses	<u>260,449</u>	<u>-</u>	<u>260,449</u>
Change in net assets	(15,836)	(8,625)	(24,461)
Net assets, beginning of year	<u>80,910</u>	<u>55,943</u>	<u>136,853</u>
Net assets, end of year	<u>\$ 65,074</u>	<u>\$ 47,318</u>	<u>\$ 112,392</u>

MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and payroll taxes	\$ 63,842	\$ 10,416	\$ 18,565	\$ 92,823
Grants	63,460	-	-	63,460
Travel and lodging	32,335	-	-	32,335
Outside services	22,014	2,446	-	24,460
Legal and professional	-	12,179	-	12,179
Insurance	8,402	2,100	-	10,502
Computer and internet	3,026	567	189	3,782
Public relations and promotion	-	1,686	1,686	3,372
Special events	-	664	2,654	3,318
Parking and occupancy	2,422	606	-	3,028
Conferences and conventions	2,811	-	-	2,811
Telephone and utilities	1,127	211	70	1,408
Meals and entertainment	1,239	138	-	1,377
Printing and publications	1,204	-	-	1,204
Equipment rental	952	106	-	1,058
Amortization	694	-	-	694
Office	542	135	-	677
Bank charges	-	570	-	570
Postage	432	48	-	480
Dues and subscriptions	367	-	-	367
Miscellaneous	364	-	-	364
Taxes and licenses	-	180	-	180
	<u>\$ 205,233</u>	<u>\$ 32,052</u>	<u>\$ 23,164</u>	<u>\$ 260,449</u>

MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	(24,461)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization		694
Changes in operating assets and liabilities:		
Contributions receivable		(18,980)
Prepaid expenses		1,686
Accounts payable and accrued expenses		(8,123)
Deferred revenue		133,811
Net cash provided by operating activities		<u>84,627</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Website development costs		<u>(25,000)</u>
Net cash used in investing activities		<u>(25,000)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 59,627

CASH AND CASH EQUIVALENTS, beginning of year 145,580

CASH AND CASH EQUIVALENTS, end of year \$ 205,207

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Muslims for Progressive Values (a California Non-Profit Corporation) (the "Organization") was incorporated in 2007 and designated as a 501(c)(3) non-profit corporation. The mission of the Organization is to advocate for human rights, social justice and inclusion by establishing and nurturing vibrant progressive Muslim communities through creating opportunities for religious discourse, volunteer and community activities, and cultural events. The Organization is headquartered in Los Angeles, California, with local chapters located in New York, New York, Washington, D.C., Atlanta, Georgia, and Boston, Massachusetts, and activities conducted worldwide.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction, which are described as follows:

Net assets without donor restriction - Net assets that are not subject to or no longer subject to donor-imposed stipulations. Net assets without donor restriction may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

At December 31, 2019, net assets with donor restriction consist of \$47,318 of general support for future periods.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and all highly liquid investments with an initial maturity at date of purchase of three months or less.

Contributions Receivable

The Organization considers all contributions receivable to be fully collectible and accordingly, an allowance for doubtful accounts is not considered necessary. All receivables outstanding at December 31, 2019 are due within one year from the financial position date.

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Website

The Organization's website is stated at cost less accumulated amortization. The cost of the website is amortized over the estimated useful life of 3 years. Amortization is computed on the straight-line method. The Organization capitalizes expenditures that materially increase asset lives and expenses ordinary repairs and maintenance to operations as incurred.

Deferred Revenue

Deferred revenue consists of amounts received under conditional grants, which is conditional upon the Organization incurring allowable costs, with a requirement to return unspent monies. As of December 31, 2019, the Organization has received \$133,811, with an additional \$87,958 promised to give, under this conditional grant.

Revenue Recognition

Contributions

Contributions received, consisting of gifts and grants, are recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions for which donors have imposed restrictions which limit the use of the donated assets are reported as net assets with donor restrictions if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. The Organization has adopted a policy to classify donor restricted contributions as net assets without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Unconditional promises to give, with payments due in future periods, are reported as restricted support when the promises are received. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Other

Noncontribution revenues consist of various services transferred at a point in time, and are recognized upon completion of the Organization's performance obligations.

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributed Services

A substantial number of volunteers have donated significant amounts of their time to the Organization and its programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between program services, management and general, and fundraising expenses. Certain indirect or shared costs are allocated amount program, management and general, and fundraising expenses by a method that best measures the relative degree of benefit, including the use of labor time estimates to allocate indirect costs.

Income taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(b) of the Revenue Taxation Code of California.

The Organization has no unrecognized tax benefits at December 31, 2019. The Organization's federal income tax returns are subject to examination by the Internal Revenue Service for a period of three years from the filing of a federal return. California income tax returns are subject to examination by the Franchise Tax Board for a period of four years from the filing of a return. Each year, management considers whether any material tax position the Organization has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Organization has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in these financial statements.

If applicable, the Organization recognizes interest and penalties associated with tax matters as part of income tax expense, and includes accrued interest and penalties with accrued expenses in the statement of financial position.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

During the year ended December 31, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Update No. 2014-09 – Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). The key change of ASU 2014-09 is the creation of Topic 606, which supersedes previous revenue recognition guidance. The core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Topic 606 creates a five-step model for revenue recognition that requires entities to exercise judgment when considering contract terms and relevant facts and circumstances. The five-step model includes (1) identifying the contract, (2) identifying the separate performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations and (5) recognizing revenue when each performance obligation has been satisfied. The Organization analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standard.

During the year ended December 31, 2019, the Organization adopted the requirements of ASU 2018-08, Not for Profit Entities (Topic 958), which assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization analyzed the provisions of ASU 2018-08, and have concluded that no changes are necessary to conform with the new standard.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets available to meet cash needs for expenditures within one year as of December 31, 2019:

Cash and cash equivalents	\$ 205,207
Contributions receivable	<u>22,318</u>
 Total financial assets available to meet cash needs for expenditures within one year	 <u><u>\$ 227,525</u></u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization is substantially supported by contributions without donor restrictions or contributions with donor restrictions that are expected to be satisfied within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and contributions receivable. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers funds and contributions restricted by time only and expected to be collected in the next fiscal year as available for general expenditures.

3. CONCENTRATIONS

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and receivables. The Organization maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits.

For the year ended December 31, 2019, three foundations accounted for approximately 54% of the Organization's total revenues and support. As of December 31, 2019, two foundations accounted for approximately 90% of the Organization's contributions receivable.

4. SUBSEQUENT EVENTS

Subsequent events have been evaluated by the Organization through February 25, 2020, which is the date the financial statements were available to be issued.