

Muslims for Progressive Values

Financial Statements

December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Management of
Muslims for Progressive Values

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, 2020, 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, 2020, 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.

BAKER TILLY US, LLP*Baker Tilly US, LLP*

Woodland Hills, California
February 17, 2021

MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF FINANCIAL POSITION
December 31, 2020

Assets

Current assets

Cash and cash equivalents	\$ 148,389
Contributions receivable	3,859
Prepaid expenses	5,339
Total current assets	<u>157,587</u>

Property and equipment

Website	25,000
Accumulated amortization	(9,027)
	<u>15,973</u>

Total assets	<u><u>\$ 173,560</u></u>
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Liabilities and Net Assets

Current liabilities

Accounts payable and accrued expenses	\$ 7,557
Current portion of note payable	4,156
Deferred revenue	63,853
Total current liabilities	<u>75,566</u>

Note payable , net of current portion	<u>14,546</u>
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Total liabilities	<u>90,112</u>
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Contingency

Net assets

Without donor restrictions	79,589
With donor restrictions	3,859
Total net assets	<u>83,448</u>

Total liabilities and net assets	<u><u>\$ 173,560</u></u>
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MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support			
Foundation grants	\$ 60,400	\$ -	\$ 60,400
Contributions	39,684	3,859	43,543
Special events	469	-	469
Government grants	147,688	-	147,688
Other income	1,235	-	1,235
Net assets released from restrictions for:			
Time	47,318	(47,318)	-
Total revenues and support	<u>296,794</u>	<u>(43,459)</u>	<u>253,335</u>
Expenses			
Program services	240,672	-	240,672
Management and general	22,560	-	22,560
Fundraising	19,047	-	19,047
Total expenses	<u>282,279</u>	<u>-</u>	<u>282,279</u>
Change in net assets	14,515	(43,459)	(28,944)
Net assets , beginning of year	<u>65,074</u>	<u>47,318</u>	<u>112,392</u>
Net assets , end of year	<u>\$ 79,589</u>	<u>\$ 3,859</u>	<u>\$ 83,448</u>

MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 124,103	\$ -	\$ -	\$ 124,103
Payroll and payroll taxes	64,021	9,146	18,292	91,459
Travel and lodging	21,099	-	-	21,099
Insurance	9,590	2,397	-	11,987
Legal and professional	-	8,500	-	8,500
Amortization	8,333	-	-	8,333
Outside services	4,174	464	-	4,638
Computer and internet	2,396	449	150	2,995
Dues and subscriptions	1,386	-	-	1,386
Miscellaneous	1,350	-	-	1,350
Telephone and utilities	1,053	198	66	1,317
Conferences and conventions	1,174	-	-	1,174
Printing and publications	1,036	-	-	1,036
Bank charges	-	1,026	-	1,026
Special events	-	133	532	665
Postage	418	47	-	465
Parking and occupancy	252	63	-	315
Office	150	37	-	187
Meals and entertainment	137	15	-	152
Taxes and licenses	-	77	-	77
Public relations and promotion	-	8	7	15
	<u>\$ 240,672</u>	<u>\$ 22,560</u>	<u>\$ 19,047</u>	<u>\$ 282,279</u>

MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (28,944)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Amortization	8,333
Changes in operating assets and liabilities:	
Contributions receivable	18,459
Prepaid expenses	(3,539)
Accounts payable and accrued expenses	129
Deferred revenue	(69,958)
Net cash used in operating activities	<u>(75,520)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from note payable	18,702
Net cash provided by financing activities	<u>18,702</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (56,818)

CASH AND CASH EQUIVALENTS, beginning of year 205,207

CASH AND CASH EQUIVALENTS, end of year \$ 148,389

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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, 2020, net assets with donor restriction consist of \$3,859 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.

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.

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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

Deferred Revenue

Deferred revenue consists of amounts received under a conditional grant, which is conditional upon the Organization incurring allowable costs, with a requirement to return unspent monies. As of December 31, 2020, the Organization has received \$63,853 of unspent monies, with an additional \$14,649 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.

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.

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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

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, 2020. 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.

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, 2020:

Cash and cash equivalents	\$ 148,389
Contributions receivable	<u>3,859</u>
Total financial assets available to meet cash needs for expenditures within one year	<u><u>\$ 152,248</u></u>

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

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.

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. NOTE PAYABLE

In June 2020, the Organization was granted a loan in the amount of \$18,702 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying businesses for an amount up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, there can be no assurance that the Organization will not take actions that could cause it to be ineligible for forgiveness of the loan, in whole or in part.

Following is a schedule by years of the future minimum principal payments on the PPP loan if no amounts are forgiven:

Years ending December 31,		
2021	\$	4,156
2022		4,156
2023		4,156
2024		4,156
2025		2,078
		<hr/>
	\$	<u>18,702</u>

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

4. 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, 2020, two funding sources accounted for approximately 79% of the Organization's total revenues and support.

5. CONTINGENCY

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Therefore, while this matter is expected to impact the business, financial position, and results of operations, the related financial impact cannot be reasonably estimated at this time. As a result, the Organization will continue to closely monitor the development and the effect of the Organization's operations.

6. SUBSEQUENT EVENTS

Subsequent events have been evaluated by the Organization through February 17, 2021, which is the date the financial statements were available to be issued.