

Muslims for Progressive Values

Financial Statements

December 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Muslims for Progressive Values (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Muslims for Progressive Values as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Woodland Hills, California
February 14, 2022

MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF FINANCIAL POSITION
December 31, 2021

Assets

Current assets

Cash and cash equivalents	\$ 209,298
Contributions and grants receivable	27,141
Prepaid expenses	3,753
Total current assets	<u>240,192</u>

Property and equipment

Website	25,000
Accumulated amortization	<u>(17,360)</u>
	<u>7,640</u>

Total assets	<u><u>\$ 247,832</u></u>
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Net Assets

Contingency

Net assets

Without donor restrictions	\$ 145,691
With donor restrictions	<u>102,141</u>

Total net assets	<u><u>\$ 247,832</u></u>
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MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Foundation grants	\$ 219,031	\$ 75,000	\$ 294,031
Government grants	78,853	13,564	92,417
Contributions	20,125	13,577	33,702
Other income	27,660	-	27,660
Forgiveness of debt - PPP loan	18,702	-	18,702
Net assets released from restrictions for:			
Time	3,859	(3,859)	-
Total revenues and support	368,230	98,282	466,512
Expenses			
Program services	264,710	-	264,710
Management and general	20,917	-	20,917
Fundraising	16,501	-	16,501
Total expenses	302,128	-	302,128
Change in net assets	66,102	98,282	164,384
Net assets, beginning of year	79,589	3,859	83,448
Net assets, end of year	\$ 145,691	\$ 102,141	\$ 247,832

MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 141,880	\$ -	\$ -	\$ 141,880
Payroll and payroll taxes	76,848	6,481	9,259	92,588
Outside services	6,816	-	6,816	13,632
Insurance	10,314	2,579	-	12,893
Legal and professional	-	11,346	-	11,346
Travel and lodging	8,935	-	-	8,935
Amortization	8,333	-	-	8,333
Computer and internet	5,476	304	304	6,084
Dues and subscriptions	3,798	-	-	3,798
Telephone and utilities	877	74	106	1,057
Bank charges	654	73	-	727
Postage	290	32	-	322
Conferences and conventions	254	-	-	254
Miscellaneous	132	16	16	164
Meals and entertainment	103	12	-	115
	<u>\$ 264,710</u>	<u>\$ 20,917</u>	<u>\$ 16,501</u>	<u>\$ 302,128</u>

MUSLIMS FOR PROGRESSIVE VALUES
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	164,384
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization		8,333
Forgiveness of debt - PPP loan		(18,702)
Changes in operating assets and liabilities:		
Contributions and grants receivable		(23,282)
Prepaid expenses		1,586
Accounts payable and accrued expenses		(7,557)
Deferred revenue		(63,853)
Net cash provided by operating activities		<u>60,909</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		60,909
CASH AND CASH EQUIVALENTS, beginning of year		<u>148,389</u>
CASH AND CASH EQUIVALENTS, end of year	\$	<u>209,298</u>

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

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, 2021, net assets with donor restriction consist of \$102,141 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 and Grants Receivable

Contributions and grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. Management evaluates the ability to collect receivables based on a combination of factors. An allowance for doubtful accounts is maintained based on the length of time receivables are past due and other factors. The Organization charges off uncollectible receivables when management determines the receivable will not be collected. At December 31, 2021, an allowance for doubtful accounts was not necessary. All contributions and grants receivable outstanding at December 31, 2021 are due within one year.

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

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.

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, 2021

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, 2021. 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, 2021

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, 2021:

Cash and cash equivalents	\$	209,298
Contributions and grants receivable		<u>27,141</u>
Total financial assets available to meet cash needs for expenditures within one year	 \$	 <u>236,439</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.

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. PAYCHECK PROTECTION PROGRAM

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. Any unforgiven portion is payable over five years at an interest rate of 1%, with a deferral of payments for the first six months. PPP loan terms provide for customer events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Organization met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness in February 2021. Legal release was received in March 2021, therefore, the Organization recorded forgiveness income of \$18,702 for the year ended December 31, 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

MUSLIMS FOR PROGRESSIVE VALUES
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

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, 2021, four funding sources accounted for approximately 70% of the Organization's total revenues and support.

At December 31, 2021, one funding source accounted for approximately 57% of the Organization's contributions and grants receivable.

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.

5. SUBSEQUENT EVENTS

Subsequent events have been evaluated by the Organization through February 14, 2022, which is the date the financial statements were available to be issued.