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RE: 2011 Audited financials

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UMMA-Urban Muslim Minority Alliance
FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010

UMMA-URBAN MUSLIM MINORITY ALLIANCE
FINANCIAL STATEMENTS
TABLE OF CONTENTS

| | Page |
|---|--------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| STATEMENTS OF ASSETS AND NET ASSETS – MODIFIED CASH BASIS Years Ended December 31, 2011 and 2010 | 2 |
| STATEMENTS OF SUPPORT, REVENUES AND EXPENSES - MODIFIED CASH BASIS Years Ended December 31, 2011 and 2010 | 3 |
| NOTES TO THE FINANCIAL STATEMENTS | 4 - 6 |
| SUPPLEMENTARY INFORMATION | |
| SCHEDULES OF FUNCTIONAL EXPENSES | |
| Year Ended December 31, 2011 | 8 |
| Year Ended December 31, 2010 | 9 |

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
UMMA-Urban Muslim Minority Alliance

We have audited the accompanying statements of assets and net assets – modified cash basis of UMMA- Urban Muslim Minority Alliance (“Center”), an Illinois nonprofit organization, as of December 31, 2011 and 2010, and the related statements of support, revenue and expenses – modified cash basis for the years then ended. These financial statements are the responsibility of the Center’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of UMMA- Urban Muslim Minority Alliance as of December 31, 2011 and 2010, and its support, revenues and expenses for the years then ended, on the basis of accounting described in Note 1.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subject to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alkafaji & Associates, Ltd.

Des Plaines, IL
August 13, 2012

UMMA - Urban Muslim Minority Alliance
Statements of Assets and Net Assets - Modified Cash Basis
December 31, 2011 and 2010

| ASSETS | <u>2011</u> | <u>2010</u> |
|---|--------------------------|-------------------------|
| CURRENT ASSETS | | |
| Cash | \$ 141,397 | \$ 56,447 |
| Security Deposit | 3,075 | 3,075 |
| Prepaid Expenses | <u>-</u> | <u>975</u> |
| Total Current Assets | <u>144,472</u> | <u>60,497</u> |
| LONG-LIVED ASSETS | | |
| Leasehold Improvements | 18,643 | 18,643 |
| Computers & Equipment | 27,006 | 13,946 |
| Furniture | <u>7,734</u> | <u>4,263</u> |
| | 53,383 | 36,852 |
| Less: Accumulated Depreciation | <u>(18,410)</u> | <u>(14,576)</u> |
| Total Long-Lived Assets | <u>34,973</u> | <u>22,276</u> |
| TOTAL ASSETS | <u>\$ 179,445</u> | <u>\$ 82,773</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Payroll Liabilities | \$ 1,674 | \$ 1,194 |
| Credit Card Liability | <u>15</u> | <u>1,544</u> |
| Total Current Liabilities | <u>1,689</u> | <u>2,738</u> |
| NET ASSETS- Unrestricted | | |
| Unrestricted | 162,073 | 80,035 |
| Temporarily Restricted | <u>15,683</u> | <u>-</u> |
| Total Net Assets | <u>177,756</u> | <u>80,035</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 179,445</u> | <u>\$ 82,773</u> |

The accompanying notes are an integral part of this statement

UMMA-Urban Muslim Minority Alliance
Statements of Support, Revenues and Expenses - Modified Cash Basis
Years Ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|------------------|
| UNRESTRICTED NET ASSETS | | |
| Unrestricted Revenue | | |
| Cash Contributions | \$ 221,838 | \$ 133,767 |
| Net Assets Released From Restrictions | | |
| Restrictions Satisfied by Payments | <u>22,105</u> | <u>-</u> |
| Total Unrestricted Revenues | 243,943 | 133,767 |
| Operating Expenses | | |
| Program Services | | |
| Computer Training Program | 58,966 | 55,144 |
| Refugee Assistance Program | 17,369 | 16,831 |
| Food Pantry Program | 11,817 | 14,835 |
| GED Training Program | 20,137 | 19,104 |
| Supporting Services | | |
| Administrative & Management Expense | 42,326 | 40,793 |
| Fundraising Expense | <u>11,290</u> | <u>9,363</u> |
| Total Expenses | <u>161,905</u> | <u>156,070</u> |
| NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS | 82,038 | (22,303) |
| TEMPORARILY RESTRICTED NET ASSETS | | |
| Temporarily Restricted Revenue | | |
| Cash Contributions | 37,788 | - |
| Net Assets Released From Restrictions | | |
| Restrictions Satisfied by Payments | <u>(22,105)</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS | 15,683 | - |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 97,721 | (22,303) |
| NET ASSETS AT BEGINNING OF YEAR | <u>80,035</u> | <u>102,338</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 177,756</u> | <u>\$ 80,035</u> |

The accompanying notes are an integral part of this statement.

UMMA-URBAN MUSLIM MINORITY ALLIANCE**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2011****NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

UMMA-Urban Muslim Minority Alliance (Center) is an IL nonprofit organization located in Waukegan, Illinois dedicated to improve opportunities in employment, education, and community development, for all individuals in Lake County, Illinois. The Center also provides counseling, education, mentoring, and various other programs to enhance the living and learning standards for the people in the community. The Center's support comes primarily through donor contributions. The Center's work includes free computer and GED training classes, computer training classes, refugees' assistance program and distribution of food and clothing for needy families.

Basis of Accounting:

The Center's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when pledged and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Basis of Presentation:

Presentation of the financial statements follows the recommendations of the Financial Accounting Standards Board as described in the Topic on Not-for-Profit Organizations of the Financial Accounting Standards Board's Accounting Standards Codification. The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates:

The preparation of financial statements in conformity with the accounting basis described above may require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Risk:

The Center maintains its cash at a single financial institution. The balance of the cash held at this institution is fully insured by the Federal Deposit Insurance Corporation (FDIC), which covers up to \$250,000.

Income Tax Status:

The Center is a nonprofit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under IRC Section 509(a)(2).

Functional Allocation of Expenses:

The Center's revised their policy for the functional allocation of expenses on January 1, 2011. The revised policy is to allocate direct expenses to the various programs. Indirect expenses are allocated based on the square footage of the facility occupied by each program. For the purposes of this allocation, the refugee assistance program is considered to be the equivalent of the food pantry program. There are no joint costs with respect to fundraising expenses and program expenses.

In order to maintain comparability in reporting, the Schedule of Functional Expenses for 2010 in the supplementary information section of this report was revised in order to apply the new policy of allocating the functional expenses. The reclassification neither affected the total figures in the Schedule of Functional Expenses nor the total expense figure in the basic financial statements.

NOTE 2 – FURNITURE AND EQUIPMENT

The Center's policy is to capitalize significant assets that will provide benefits greater than one year. Furniture and equipment are carried at cost when purchased or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method with lives determined according to the IRS guidelines. None of the Center's fixed assets are encumbered or subject to any liens. Fixed assets at December 31, 2011 and 2010 consisted of the following:

| | <u>2011</u> | <u>2010</u> |
|--------------------------------|------------------|------------------|
| Leasehold Improvement | \$18,643 | \$18,643 |
| Computers | 16,609 | 6,698 |
| Software | 7,900 | 5,400 |
| Furniture | 7,734 | 4,263 |
| Projector | 1,795 | 1,145 |
| Appliances | 702 | 702 |
| | <u>\$ 53,383</u> | <u>\$ 36,852</u> |
| Less: Accumulated Depreciation | <u>(18,410)</u> | <u>(14,576)</u> |
| | <u>\$ 34,973</u> | <u>\$ 22,276</u> |

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$15,683 were available for the Food Pantry Program as of December 31, 2011. There were no temporary or permanently restricted net assets as of December 31, 2010.

NOTE 4 – LABOR EXPENSES

The Center's labor expenses for 2011 & 2010 were comprised as follows:

| | <u>2011</u> | <u>2010</u> |
|-------------------------|------------------|------------------|
| Employees | \$ 72,994 | \$ 68,673 |
| Independent Contractors | <u>12,480</u> | <u>12,360</u> |
| Total Labor | <u>\$ 85,402</u> | <u>\$ 81,033</u> |

NOTE 5 – OPERATING LEASE COMMITMENT

The Center signed a 5 year Lease that commenced beginning July 1, 2009. At the time of the execution of this Lease, The Center has paid an amount equal to the first month's rent, last month rent and security deposit in the amount of \$3,075. The remaining monthly rent is set forth as follows:

| | |
|--------|-------------------|
| Year 1 | \$1,050 Per Month |
| Year 2 | \$1,125 Per Month |
| Year 3 | \$1,125 Per Month |

Additionally, the Center is responsible for a proportionate share of real estate taxes, and other common area expenses. The Center's share in 2011 was \$1,813, which comprised approximately 13% of the total rent expense. The lease includes a renewal option for up to two additional, consecutive 5 year terms. The rent will be based on existing market rates at the time of renewal.

NOTE 6 – DONOR CONCENTRATIONS

The Center received generous support from select individuals and institutions that represented significant portions of the Center's total revenues. A single unrelated individual contributed approximately 27% of the Center's unrestricted support and approximately 77% of the Center's restricted support. The Center was also awarded a competitive grant from an unrelated charitable organization that comprised approximately 18% of the unrestricted support and approximately 23% of the restricted support.

SUPPLEMENTARY INFORMATION

UMMA-Urban Muslim Minority Alliance
Schedule Of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2011

| | Program Services | | | | Supporting Services | | Total |
|----------------------|---------------------------|----------------------------|---------------------------------|-----------------------|------------------------------|------------------|-------------------|
| | Food Pantry Program | GED Training Program | Computer Training Program | Refugee Assistance | Administrative and Others | Fund Raising | |
| Rent | \$ 1,062 | \$ 2,119 | \$ 3,179 | \$ 1,062 | \$ 5,066 | \$ - | \$ 14,488 |
| Labor | 5,348 | 10,665 | 38,550 | 5,347 | 25,492 | | 85,402 |
| Refugee Assistance | | | | 8,491 | | | 8,491 |
| Fundraising | | | | | | 11,290 | 11,290 |
| Depreciation | 136 | 270 | 2,646 | 136 | 646 | | 3,834 |
| Food | 2,938 | | | | | | 2,938 |
| Professional Fees | 634 | 1,265 | 3,092 | 634 | 3,025 | | 8,650 |
| Telephone & Internet | 135 | 269 | 657 | 135 | 641 | | 1,837 |
| Marketing & Printing | 425 | 848 | 2,072 | 425 | 2,026 | | 5,796 |
| Office Expenses | 427 | 851 | 3,299 | 427 | 2,036 | | 7,040 |
| Utilities | 279 | 557 | 1,361 | 279 | 1,330 | | 3,806 |
| Payroll Taxes | 409 | 816 | 1,994 | 409 | 1,951 | | 5,579 |
| GED Expense | | 2,429 | | | | | 2,429 |
| Interest | 24 | 48 | 116 | 24 | 113 | | 325 |
| Total | \$ 11,817 | \$ 20,137 | \$ 58,966 | \$ 17,369 | \$ 42,326 | \$ 11,290 | \$ 161,905 |

The accompanying notes are an integral part of this schedule

UMMA-Urban Muslim Minority Alliance
Revised Schedule Of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2010

| | Program Services | | | | Supporting Services | | Total |
|----------------------|---------------------|----------------------|---------------------------|--------------------|---------------------------|-----------------|-------------------|
| | Food Pantry Program | GED Training Program | Computer Training Program | Refugee Assistance | Administrative and Others | Fund Raising | |
| Rent | \$ 1,180 | \$ 2,353 | \$ 5,752 | \$ 1,180 | \$ 5,625 | \$ - | \$ 16,090 |
| Labor | 5,036 | 10,043 | 36,911 | 5,036 | 24,007 | | 81,033 |
| Refugee Assistance | | | | 8,274 | | | 8,274 |
| Fundraising | | | | | | 9,363 | 9,363 |
| Depreciation | 80 | 159 | 1,455 | 80 | 379 | | 2,153 |
| Food | 6,278 | | | | | | 6,278 |
| Professional Fees | 414 | 826 | 2,020 | 414 | 1,976 | | 5,650 |
| Telephone & Internet | 120 | 240 | 587 | 120 | 574 | | 1,641 |
| Marketing & Printing | 546 | 1,089 | 2,663 | 546 | 2,604 | | 7,448 |
| Office Expenses | 410 | 817 | 1,998 | 410 | 1,953 | | 5,588 |
| Utilities | 368 | 733 | 1,793 | 368 | 1,752 | | 5,014 |
| Payroll Taxes | 385 | 768 | 1,878 | 385 | 1,838 | | 5,254 |
| GED Expense | | 2,040 | | | | | 2,040 |
| Interest | 18 | 36 | 87 | 18 | 85 | | 244 |
| Total | \$ 14,835 | \$ 19,104 | \$ 55,144 | \$ 16,831 | \$ 40,793 | \$ 9,363 | \$ 156,070 |

The accompanying notes are an integral part of this schedule