

Audit Report



URBAN MUSLIM MINORITY ALLIANCE (A Nonprofit Organization) **AUDITED FINANCIAL STATEMENTS**

DECEMBER 31, 2021

Halawa & Associates

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Urban Muslim Minority Alliance
Waukegan, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Urban Muslim Minority Alliance, a nonprofit 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.

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. These 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 Urban Muslim Minority Alliance 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.

Other Matters

Our Audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. Any supplement information provided is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.



ABDO HALAWA (Jan 3, 2023 09:13 CST)

Abdo Halawa, C.P.A.
Halawa & Associates
Worth, Illinois

Urban Muslim Minority Alliance
Statement of Financial Position
December 31, 2021

Assets

Current Assets

Cash and Cash Equivalents	374,766.00
Advances	777.00
Total Current Assets	<u>\$ 375,543.00</u>

Fixed Assets

Computers	59,839.00
Furniture	12,349.00
Leashold Improvements	18,643.00
Building	292,649.00
Accumulated Depreciation	(76,070.00)
Total Fixed Assets	<u>\$ 307,410.00</u>

Other Assets

Investments	1,246,185.00
Partnerships	92,921.00
Gala Deposit	4,750.00
Prepaid Rent	1,777.00
Security Deposit	3,075.00
Total Other Assets	<u>\$ 1,348,708.00</u>
Total Assets	<u>\$ 2,031,661.00</u>

Liabilities

Current Liabilities

Credit Cards	11,148.00
PPP Loan	49,830.00
Total Current Liabilities	<u>\$ 60,978.00</u>

Long-Term Liabilities

Uplift Loan Payable	133,750.00
Total Long-term Liabilities	<u>\$ 133,750.00</u>

Net Assets

Unrestricted	1,430,129.00
Restricted	406,804.00
Total Liabilities & Net Assets	<u>\$ 2,031,661.00</u>

Urban Muslim Minority Alliance
Statement of Activity
YEAR ENDED DECEMBER 31, 2021

	Unrestricted	Restricted	Total
Revenue & Support			
Contributions	348,532.00	-	348,532.00
Grants	111,000.00	-	111,000.00
PPP Loan	39,777.00	-	39,777.00
Investment Revenue (Net)	189,498.00	-	189,498.00
	<hr/> \$ 688,807.00	<hr/> \$ -	<hr/> \$ 688,807.00
Expenses			
Program Services	339,579.00	-	339,579.00
Fundraising	12,453.00	-	12,453.00
Management & General	214,747.00	-	214,747.00
	<hr/> \$ 566,779.00	<hr/> \$ -	<hr/> \$ 566,779.00
Change in Net Assets	<hr/> \$ 122,028.00	<hr/> \$ -	<hr/> \$ 122,028.00
Net Assets - Beginning of Year	<hr/> \$ 1,714,905.00	<hr/> \$ -	<hr/> \$ 1,714,905.00
Net Assets - End of Year	<hr/> \$ 1,836,933.00	<hr/> \$ -	<hr/> \$ 1,836,933.00

Urban Muslim Minority Alliance
Statement of Functional Expenses
YEAR END DECEMBER 31, 2021

	Program Services	Fundraising	Management & General	Total Expenses
Advertising	-	2,388.00	16,588.00	18,976.00
Bank Charges & Fees	-	-	433.00	433.00
Education Empowerment	3,244.00	-	-	3,244.00
Community Support	39,472.00	-	-	39,472.00
Occupancy	22,141.00	-	18,116.00	40,257.00
Facilities & Equipment	-	-	2,376.00	2,376.00
Fundraising & Gala	-	10,065.00	-	10,065.00
Professional Fees	7,273.00	-	5,950.00	13,223.00
Operations	25,952.00	-	21,232.00	47,184.00
Payroll Expenses	178,486.00	-	146,034.00	324,520.00
Program Services	58,100.00	-	-	58,100.00
Depreciation	4,911.00	-	4,018.00	8,929.00
Total Expenses	\$ 339,579.00	\$ 12,453.00	\$ 214,747.00	\$ 566,779.00

Urban Muslim Minority Alliance
Statement of Cash Flows
YEAR ENDED DECEMBER 31, 2021

OPERATING ACTIVITIES

Net Revenue	\$ 122,581.00
Adjustments to reconcile operating Net Revenue to operating Net Cash	
Accounts Receivable	(553.00)
Distrib. Receivable (1940 Sherman LLC)	(3,674.00)
Distrib. Receivable (829 Foster LLC)	(1,951.00)
Partnerships:1940 Sherman LLC	8,330.00
Partnerships:829 Foster LLC	7,760.00
Prepaid Rent	(1,777.00)
Chase Business Credit Cards (S)	6,813.00
Total Adjustments to reconcile operating Net Revenue to operating Net Cash	<u>\$ 14,948.00</u>
Net cash provided by operating activities	<u>\$ 137,529.00</u>

INVESTING ACTIVITIES

Charles Schwab:Common Stock	2,843.00
Charles Schwab:Money Market Funds	150,000.00
Charles Schwab:Mutual Funds	(338,421.00)
Depreciation	8,929.00
Property #2 - 1643 Seymour Ave, North Chicago	(160,170.00)
Net cash provided by investing activities	<u>\$ (336,819.00)</u>

FINANCING ACTIVITIES

PPP SBA Loan	10,053.00
Uplift Loan Payable - Community Development Block Grant Program	75,000.00
Net cash provided by financing activities	<u>\$ 85,053.00</u>
Net cash increase for period	<u>\$ (114,237.00)</u>
Cash at beginning of period	<u>\$ 489,003.00</u>
Cash at end of period	<u>\$ 374,766.00</u>

**URBAN MUSLIM MINORITY ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 - NATURE OF OPERATIONS

Urban Muslim Minority Alliance (Organization) is a not-for-profit corporation, located in Waukegan, Illinois, dedicated to empowering the lives of underprivileged individuals in Lake County, IL by providing educational support and community development resources.

The Organization is a Domestic Not-For-Profit Corporation with the Illinois Secretary of State, formed on October 1, 2003. The Organization is registered with the Office of the Illinois Attorney General as a charitable organization.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the cash basis of accounting in accordance with accounting principles applicable to not-for-profit organizations and in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents held in investment accounts are considered to be investments.

Investments

Investments in marketable securities are measured at fair value, determined by quoted market price, in the statement of financial position. Investment income or loss (including gains and losses on investments and interest and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value, less an allowance for uncollectible promises. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using low risk interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in contribution revenues in the statement of activities. The allowance for uncollectible amounts is provided for contributions receivable estimated as uncollectible. No allowance was considered necessary as of December 31, 2021.

Property and Equipment

Property and equipment have been recorded at cost if purchased or at fair value at time of donation if received as a gift. The Organization capitalizes property and equipment over \$1000 that have a useful life of more than one year. Costs of maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

**URBAN MUSLIM MINORITY ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The useful lives of property and equipment for purposes of computing depreciation are as follows:

Office furniture and equipment	5 - 7 years
Computer Software	3 years
Building and building improvements	10 - 39 years

Grants Payable

Grants payable, if present, represents all unconditional grants that have been authorized prior to year-end but remain unpaid as of the statement of financial position date.

Support and Expenses

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. All contributions are considered to be available for use without restrictions unless specifically restricted by the donor.

The Organization reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The organization received support from various sources. As of December 31, 2021, total Revenue & Support received:

Contributions	\$348,532.00
Grants	\$111,000.00
PPP Loan (Forgiven)	\$39,777.00
Rental Revenue	\$4,195.00
Investment Revenue (Net)	<u>\$185,303.00</u>
Total Revenue & Support	\$688,807.00

Expenses are recorded when paid in accordance with the cash basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions.

Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board of Directors (Board) has designated, from net assets without donor restrictions, net assets for an educational endowment.

**URBAN MUSLIM MINORITY ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if both the condition (that is, the necessary barrier was overcome) and restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll, bank charges, contract services, management fees and operations, grants, office supplies and software and travel and meetings, which are allocated on the basis of estimates of time and effort.

Accounting Estimates

The preparation of financial statements in accordance 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, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Organization believes it is not exposed to significant credit risk on these accounts.

Change in Accounting Principle – Contributions Received and Made

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made as of January 1, 2019. ASU No. 2018-08 improves the current guidance on determining whether transactions are contributions or exchange transactions. It also requires determining if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. In 2019, the Organization adopted ASU No. 2018-08 and has adjusted the presentation in these financial statements accordingly. ASU No. 2018-08 has been applied using the modified prospective method.

**URBAN MUSLIM MINORITY ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

New Accounting Standard – Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases, which is intended to improve financial reporting about leasing transactions. ASU No. 2016-02 requires that leased assets be recognized as assets on the statements of financial position and the liabilities for the obligations under the lease also be recognized on the statements of financial position. ASU No. 2016-02 requires disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases.

The required disclosures include qualitative and quantitative requirements. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the methods of adoption allowed by ASU No. 2016-02 and related updates and the effect they are expected to have on its financial position, changes in net assets, cash flows and related disclosures.

New Accounting Standard – Revenue from Contracts

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification 605, Revenue Recognition. ASU No. 2014-09 provides for a single five-step model to be applied to all revenue contracts with customers. ASU No. 2014-09 also requires additional financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the methods of adoption allowed by ASU No. 2014-09 and the effect that ASU No. 2014-09 is expected to have on its financial position, changes in net assets, cash flows and related disclosures.

Going Concern Evaluation

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Organization's ability to continue as a going concern for the one-year period from the date the financial statements are available to be issued. Management's assessment did not identify any other conditions or events raising substantial doubt about the Organization's ability to continue as a going concern for the period from December 29, 2022, to December 29, 2023.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets are available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date. The Organization's goal is to maintain available financial assets sufficient to meet 120 days of general operating expenses. Any board-designated endowment fund is intended to support educational initiatives and is not available for general expenditure, however these amounts could be made available if necessary.

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and Equivalents consist of checking accounts, investment cash and PayPal accounts

Business Checking	\$12,652.00
Charles Schwab Cash	\$31,832.00
Chase	\$330,170.00
PayPal Account	\$112.00
Total Cash and Cash Equivalent Accounts	\$374,766.00

**URBAN MUSLIM MINORITY ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 5 - INVESTMENTS

Investments are reported at fair value as of December 31, 2021. Investments include cash, money market funds, common stock, mutual funds, and exchange traded funds

Money Market Funds	\$50,561.00
Mutual Funds	\$1,195,624.00
Total Investments	\$1,246,185.00

NOTE 6 - FAIR VALUE MEASUREMENTS

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

Mutual funds: Valued at the closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These are included as a Level 1 measurement in the table below.

Money market funds: Valued at the closing price reported by the fund sponsor from an actively traded exchange.

**URBAN MUSLIM MINORITY ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

These are included as a Level 1 measurement in the table below.

Common stock: Fair value of equities are based on the closing price reported on the active market where the individual securities are traded. These are included as a Level 1 measurement in the table below.

Exchange traded funds: Fair value is measured at the NAV per share based on the fair value of the underlying investments. These are included as a Level 1 measurement in the table below.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 6 - GRANTS PAYABLE

Grants payable, if present, in more than one year are initially recognized at fair value using present value methods at the time the grants are made. The discount rate used was the treasury yield rate.

NOTE 8 - NOTE PAYABLE

The Organization had a mortgage note payable as of December 31, 2021, in the amount of \$133,750.00. This is provided by a Community Development Block Grant Program.

The Organization received a PPP Loan in the amount of \$49,830.00 as of December 31, 2021

NOTE 12 - TAX STATUS

The Organization has been determined to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for either federal or state income taxes.

The Organization has evaluated the tax positions taken for all open tax years. Currently, the 2016, 2017 and 2018 tax years are open and subject to examination by the Internal Revenue Service; however, the Organization is not currently under audit nor has the Organization been contacted by this jurisdiction.

Based on the evaluation of the Organization's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2021.

NOTE 13 - IMPACT OF COVID-19

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 of America. As a result, the Organization's special fundraising events have been impacted by the pandemic due to limits on large social gatherings, as these events were either cancelled or moved to a virtual platform. The Organization has mitigated this by focusing efforts on administrating appeals through other means. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Therefore, while it is expected that this matter may negatively impact the Organization's financial position and changes in net assets, the related financial impact cannot be reasonably estimated at this time. As a result, the Organization is leveraging its statement of financial position and also has a line of credit, as described in Note 9, to increase its cash position and help meet operating needs.

2021 UMMA - Independent Auditors Report

Final Audit Report

2023-01-03

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