

Financial Statements
Years Ended
December 31, 2010 and 2009

American Islamic Congress, Inc.



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

American Islamic Congress, Inc.

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DIXON HUGHES GOODMAN LLP
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Independent Auditors' Report

Board of Directors
American Islamic Congress, Inc.

We have audited the accompanying statement of financial position of *American Islamic Congress, Inc.* (a not-for profit organization) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of *American Islamic Congress, Inc.* Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of December 31, 2009 were audited by Goodman & Company, LLP, who merged into Dixon Hughes Goodman LLP as of April 1, 2011, and whose report dated September 23, 2010 expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of *American Islamic Congress, Inc.*, as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Rockville, Maryland
August 10, 2011

American Islamic Congress, Inc.

Statements of Financial Position

December 31,	2010	2009
Assets		
Current assets		
Cash and cash equivalents	\$ 306,846	\$ 350,283
Grants receivable	102,434	109,435
Prepaid expenses and deposits	20,734	20,146
Pledges receivable	364,200	436,219
Total current assets	794,214	916,083
Property and equipment - net	5,771	7,958
	\$ 799,985	\$ 924,041
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 35,424	\$ 22,192
Deferred revenue	142,752	-
Due to related party	-	59,000
Total liabilities	178,176	81,192
Net assets		
Unrestricted net assets (deficiency)	(20,760)	(6,701)
Temporarily restricted net assets	642,569	849,550
Total net assets	621,809	842,849
	\$ 799,985	\$ 924,041

The accompanying notes are an integral part of these financial statements.

American Islamic Congress, Inc.

Statement of Activities

Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Totals
Support and revenue			
Government grant	\$ 450,588	\$ -	\$ 450,588
Contributions and other grants	85,220	895,897	981,117
Miscellaneous income	3,125	-	3,125
Net assets released from restrictions through satisfaction of restrictions	1,102,878	(1,102,878)	-
Total support and revenue	1,641,811	(206,981)	1,434,830
Expenses			
Program expenses	1,397,244	-	1,397,244
General and administrative	149,468	-	149,468
Fundraising expenses	109,158	-	109,158
Total expenses	1,655,870	-	1,655,870
Changes in net assets	(14,059)	(206,981)	(221,040)
Net assets (deficiency), beginning of year	(6,701)	849,550	842,849
Net assets (deficiency), end of year	\$ (20,760)	\$ 642,569	\$ 621,809

The accompanying notes are an integral part of these financial statements.

American Islamic Congress, Inc.

Statement of Activities

Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Totals
Support and revenue			
Government grant	\$ 433,597	\$ -	\$ 433,597
Contributions and other grants	71,383	1,227,262	1,298,645
Miscellaneous income	2,027	-	2,027
Net assets released from restrictions through satisfaction of restrictions	906,197	(906,197)	-
Total support and revenue	1,413,204	321,065	1,734,269
Expenses			
Program expenses	1,047,718	-	1,047,718
General and administrative	279,056	-	279,056
Fundraising expenses	30,424	-	30,424
Total expenses	1,357,198	-	1,357,198
Changes in net assets	56,006	321,065	377,071
Net assets (deficiency), beginning of year	(62,707)	528,485	465,778
Net assets (deficiency), end of year	\$ (6,701)	\$ 849,550	\$ 842,849

The accompanying notes are an integral part of these financial statements.

American Islamic Congress, Inc.

Statement of Functional Expenses

Year Ended December 31, 2010

	Program Services	General and Administrative	Fundraising	Totals
Salaries and wages	\$ 663,169	\$ 38,824	\$ 56,989	\$ 758,982
Employees benefits and payroll taxes	78,128	12,740	11,431	102,299
Total salaries and related expenses	741,297	51,564	68,420	861,281
Professional fees/ contracted services	55,741	2,591	303	58,635
Contract labor	143,609	9,900	-	153,509
Travel	120,509	1,225	3,021	124,755
Events and meetings	128,394	10,667	16	139,077
Grants awarded	7,045	-	-	7,045
Occupancy	83,422	28,822	13,510	125,754
Other expenses	79,142	25,111	23,871	128,124
Telephone and communications	18,210	9,815	-	28,025
Supplies	13,220	5,909	17	19,146
Equipment expenses	6,655	106	-	6,761
Depreciation	-	3,758	-	3,758
Total expenses	\$ 1,397,244	\$ 149,468	\$ 109,158	\$ 1,655,870

The accompanying notes are an integral part of these financial statements.

American Islamic Congress, Inc.

Statement of Functional Expenses

Year Ended December 31, 2009

	Program Services	General and Administrative	Fundraising	Totals
Salaries and wages	\$ 492,084	\$ 112,054	\$ 18,742	\$ 622,880
Employees benefits and payroll taxes	61,930	13,406	2,039	77,375
Total salaries and related expenses	554,014	125,460	20,781	700,255
Professional fees/ contracted services	32,667	25,990	-	58,657
Contract labor	13,632	51,650	-	65,282
Travel	115,056	4,705	5,779	125,540
Events and meetings	63,907	5,915	-	69,822
Grants awarded	8,800	-	-	8,800
Occupancy	75,926	33,585	-	109,511
Other expenses	127,727	19,521	3,323	150,571
Telephone and communications	20,022	3,674	-	23,696
Supplies	30,526	5,686	541	36,753
Equipment expenses	5,441	250	-	5,691
Depreciation	-	2,620	-	2,620
Total expenses	\$ 1,047,718	\$ 279,056	\$ 30,424	\$ 1,357,198

The accompanying notes are an integral part of these financial statements.

American Islamic Congress, Inc.

Statements of Cash Flows

Years Ended December 31,	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ (221,040)	\$ 377,071
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	3,758	2,620
Change in:		
Accounts and pledges receivable	79,020	(308,764)
Prepaid expenses and deposits	(588)	(835)
Accounts payable and accrued expenses	13,232	(6,942)
Deferred revenue	142,752	-
Net cash from operating activities	<u>17,134</u>	<u>63,150</u>
Cash flows from investing activities:		
Purchases of equipment	<u>(1,571)</u>	<u>(3,075)</u>
Cash flows from financing activities:		
Proceeds received from related party loan	-	59,000
Repayment of related party loan	<u>(59,000)</u>	<u>(35,000)</u>
Net cash from financing activities	<u>(59,000)</u>	<u>24,000</u>
Net change in cash and cash equivalents	(43,437)	84,075
Cash and cash equivalents - beginning of year	<u>350,283</u>	<u>266,208</u>
Cash and cash equivalents - end of year	<u>\$ 306,846</u>	<u>\$ 350,283</u>

The accompanying notes are an integral part of these financial statements.

American Islamic Congress, Inc.

Notes to Financial Statements

Year Ended December 31, 2010 and 2009

1. Nature of Business

American Islamic Congress, Inc. (the Organization) was organized in Massachusetts as a not-for-profit corporation formed to represent the American Muslim community and to advocate for human rights, tolerance, and justice in the United States and the world, and to foster interfaith and interethnic understanding.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization 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) based upon the existence or absence of donor imposed restrictions.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon the satisfaction of time or purpose restrictions. Contributions which are restricted for use and whose restrictions are met in the same reporting period are reflected as unrestricted revenues.

Pledges Receivable

Unconditional promises to give are recognized as revenue and assets in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants

The Organization receives funding under grants from the US Government for direct and indirect program costs. The funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. In the opinion of management, all receivables outstanding are considered collectible, based on review of historical collections. Accordingly, an allowance for doubtful accounts has not been recorded.

Deferred revenue represents amounts received from funding organizations in advance of incurring the related expenses.

Property and Equipment

Equipment is stated at cost, less accumulated depreciation. Depreciation is provided over the estimated useful lives, ranging from three to seven years, of the respective assets, using the straight-line method.

Purchases are determined to be capital expenditures based upon the Organization's policy of capitalizing assets acquired at a cost (or, if donated, at fair value) exceeding \$500. Those items which are not determined to be capital expenditures are immediately expensed.

Income Tax Status

The Organization is generally exempt from federal income taxes under the provisions of Section (501)(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subjected to federal and state corporate income taxes. The Organization did not have any net unrelated business income for the year ended December 31, 2010.

The Organization adopted the income tax standard for uncertain tax positions on January 1, 2010. As a result of the implementation, the Organization evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2010.

The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. The tax returns for the years ending 2007 to 2010 are open to examination by federal and state authorities.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include amounts in cash, checking and money market accounts.

Subsequent Events

The Organization has evaluated subsequent events through August 10, 2011, the date the financial statements were available to be issued.

3. Pledges Receivable

The Organization received unconditional promises to give in the amount of \$364,200 and \$436,219 in 2010 and 2009, respectively. The pledges are unrestricted. The pledges are fully collectible and payable within one year; therefore, no allowance for uncollectible accounts and no discounts are considered necessary. Pledges receivable consist of amounts from one donor of approximately 97% and 71% of the pledges receivable balance as of December 31, 2010 and 2009, respectively.

4. Conditional Promises to Give

During 2010, the Organization received a conditional promise of \$1,105,284, due in \$276,546 increments on July 1, 2011, January 1, 2012, July 1, 2012 and January 1, 2013. Payments of the first and second installments are contingent upon the Organization's ability to raise \$92,152 through donations or pledges on behalf of Project Nur during each of the first and second six month periods. Payments of the third and fourth installments are contingent upon the Organization raising \$138,228 through donations or pledges on behalf of Project Nur during each of the third and fourth six month periods.

5. Property and Equipment

Equipment consists of the following at December 31:

	<u>2010</u>	<u>2009</u>
Office furniture and equipment	\$ 8,601	\$ 7,030
Computer equipment	11,012	11,012
	19,613	18,042
Less - accumulated depreciation	<u>(13,842)</u>	<u>(10,084)</u>
	<u>\$ 5,771</u>	<u>\$ 7,958</u>

Depreciation expense for 2010 and 2009 was \$3,758 and \$2,620, respectively.

6. Unrestricted and Temporarily Restricted Net Assets

Unrestricted Net Assets

Unrestricted net assets include certain donor-restricted contributions and grants whose restrictions are met in the same reporting period.

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31 are available for the following purposes:

	<u>2010</u>	<u>2009</u>
A Modern Narrative for Muslim Women in the Middle East	\$ -	\$ 105,268
Campus Initiative/Project NUR	550,000	596,662
Hands Across the Mideast Support Alliance	18,958	22,000
Media Campaign	32,846	85,000
New England Council	20,310	26,500
Other	<u>20,455</u>	<u>14,120</u>
	<u>\$ 642,569</u>	<u>\$ 849,550</u>

7. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

	<u>2010</u>	<u>2009</u>
A Modern Narrative for Muslim Women in the Middle East	\$ 105,268	\$ 84,850
Campus Initiative/Project NUR	791,707	722,827
Hands Across the Mideast Support Alliance	30,042	58,666
Media Campaign	52,154	10,500
New England Council	72,750	11,000
Other	50,957	18,354
	<u>\$ 1,102,878</u>	<u>\$ 906,197</u>

8. Due to Related Party

The Executive Director advanced to the Organization a noninterest bearing loan with an agreement to be repaid within one year. The amounts due at December 31, 2010 and 2009 are \$0 and \$59,000, respectively.

9. Concentration of Credit Risk

The Organization occasionally had bank deposits in excess of the federally insured limit during 2009. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2010 and 2009, the Company had \$0 and \$90,435 in excess of the federally insured limit, respectively.

10. Commitments

The Organization is obligated under two leases for office space. These leases expire through November 2013. The following is a schedule by years of future minimum rental payments required under operating leases for initial or remaining noncancelable lease terms in excess of one year as of December 31, 2010:

2011	\$ 68,320
2012	71,394
2013	<u>68,134</u>
	<u>\$ 207,848</u>

In addition, other office space is rented under tenant-at-will agreements, where there is no commitment.

Rent expense for 2010 and 2009 was \$125,754 and \$105,330, respectively.

11. Concentration of Revenue

Two donors provided approximately 80% and 88% of the Organization's total revenue during 2010 and 2009, respectively. Multi-year agreements are in place for additional funding from these two sources.
