

*Financial Statements
Year Ended
December 31, 2008*

American Islamic Congress, Inc.

Goodman
& COMPANY

Certified Public Accountants
Specialized Services
Business Solutions

American Islamic Congress, Inc.

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Report of Independent Auditors

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, 2008, 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.

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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *American Islamic Congress, Inc.* as of December 31, 2008, 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.

Goodman & Company, LLP

Rockville, Maryland
September 1, 2009

American Islamic Congress, Inc.

Statement of Financial Position

December 31,	2008
Assets	
Current assets	
Cash and cash equivalents	\$ 266,208
Accounts receivable	236,890
Prepaid expenses and deposits	<u>19,311</u>
Total current assets	522,409
 Property and equipment	 <u>7,503</u>
	 <u>\$ 529,912</u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 29,134
Due to related party	<u>35,000</u>
Total current liabilities	<u>64,134</u>
 Net Assets	
Unrestricted net assets	(62,707)
Temporarily restricted net assets	<u>528,485</u>
Total net assets	<u>465,778</u>
	 <u>\$ 529,912</u>

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

American Islamic Congress, Inc.

Statement of Activities

Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
Revenues and other support			
Government grant	\$ 274,262	\$ -	\$ 274,262
Contributions and other grants	273,290	657,706	930,996
Miscellaneous income	2,187	-	2,187
Net assets released from restrictions through satisfaction of restrictions	356,695	(356,695)	-
Total revenues and other support	906,434	301,011	1,207,445
Expenses			
Program expenses	761,619	-	761,619
General and administrative	165,927	-	165,927
Fundraising expenses	32,594	-	32,594
Total expenses	960,140	-	960,140
Change in net assets	(53,706)	301,011	247,305
Net assets - beginning of year, as restated	(9,001)	227,474	218,473
Net assets - end of year	\$ (62,707)	\$ 528,485	\$ 465,778

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

American Islamic Congress, Inc.

Statement of Functional Expenses

Year Ended December 31, 2008

	Program Services	General and Administrative	Fundraising	Totals
Salaries and wages	\$ 350,792	\$ 72,382	\$ 18,502	\$ 441,676
Employee benefits and payroll taxes	26,127	22,590	1,267	49,984
Professional fees and contracted services	43,469	6,759	7,195	57,423
Contract labor	66,517	-	-	66,517
Travel	58,201	7,362	1,690	67,253
Grants awarded	9,750	-	-	9,750
Occupancy	64,789	12,231	2,055	79,075
Other expenses	84,892	18,578	1,365	104,835
Telephone and communications	6,169	13,467	-	19,636
Supplies	46,659	3,606	367	50,632
Equipment expenses	-	3,887	-	3,887
Depreciation	-	4,300	-	4,300
Insurance	4,254	765	153	5,172
Total expenses	\$ 761,619	\$ 165,927	\$ 32,594	\$ 960,140

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

American Islamic Congress, Inc.

Statement of Cash Flows

Year Ended December 31,	2008
Cash flows from operating activities	
Change in net assets	\$ 247,305
Adjustments to reconcile to net cash from operating activities:	
Depreciation	4,300
Change in:	
Accounts receivable	(159,890)
Prepaid expenses and deposits	(9,931)
Accounts payable and accrued expenses	8,712
Deferred revenue	<u>(30,838)</u>
Net cash from operating activities	<u>59,658</u>
Cash flows from investing activities	
Purchases of equipment	(2,744)
Cash flows from financing activities	
Proceeds received from related party loan	<u>30,000</u>
Net change in cash and cash equivalents	86,914
Cash and cash equivalents - beginning of year	<u>179,294</u>
Cash and cash equivalents - end of year	<u>\$ 266,208</u>

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

American Islamic Congress, Inc.

Notes to Financial Statements

December 31, 2008

1. Organization and Nature of Activities

American Islamic Congress, Inc. (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 *American Islamic Congress, Inc.* 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.

Promises to Give

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.

Accounts Receivable

Accounts receivable are stated at net realizable value. 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.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided over the estimated useful lives, ranging from three to five 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 exempt from federal income taxes, under Section (501)(c)(3) of the Internal Revenue Code.

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.

3. Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2008</u>
Office furniture and equipment	\$ 7,030
Computer equipment	<u>7,937</u>
	14,967
Less - accumulated depreciation	<u>(7,464)</u>
	<u>\$ 7,503</u>

Depreciation expense for 2008 was \$4,300.

4. 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 were available for the following purposes:

	<u>2008</u>
A Modern Narrative for Muslim Women in the Middle East	\$ 190,118
Campus Initiative/Project NUR	334,246
Hands Across the Mideast Support Alliance	1,771
Other	<u>2,350</u>
	<u>\$ 528,485</u>

5. Net Assets Released from Restrictions

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

	<u>2008</u>
A Modern Narrative for Muslim Women in the Middle East	\$ 20,417
Interfaith	1,707
Campus Initiative/Project NUR	214,808
Hands Across the Mideast Support Alliance	<u>119,763</u>
	<u>\$ 356,695</u>

6. Due to Related Party

On December 28, 2008, the Executive Director advanced to the Organization a noninterest bearing loan of \$30,000 making the total amount due under this agreement \$35,000 as of December 31, 2008. An agreement has been made to repay the loan within one year.

7. Concentration of Credit Risk

The Organization did not have bank deposits in excess of federally insured limit at December 31, 2008. 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.

8. 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 the above-mentioned leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2008:

2009	\$ 56,622
2010	57,063
2011	59,631
2012	62,309
2013	<u>59,466</u>
	<u>\$ 295,091</u>

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

Rent expense for 2008 was \$79,075.

9. Concentration of Revenue

Three donors accounted for approximately 63% of the Organization's total revenue during 2008.

10. Prior Period Adjustment

During 2008, it was determined that there were contributions to the Organization that were awarded in 2007 but not recorded until the cash was received in 2008.

The previously issued financial statements for 2007 have been restated as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Net assets as of December 31, 2007, as previously stated	\$ (26,001)	\$ 167,474	\$ 141,473
Increase in revenue of \$77,000 for 2007	<u>17,000</u>	<u>60,000</u>	<u>77,000</u>
Net assets as of December 31, 2007, as restated	<u>\$ (9,001)</u>	<u>\$ 227,474</u>	<u>\$ 218,473</u>

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