MUSLIM PUBLIC AFFAIRS COUNCIL FOUNDATION  
(A California Nonprofit Public Benefit Corporation)  

FINANCIAL STATEMENTS  

December 31, 2014
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Independent Auditor’s Report

To the Board of Directors of
Muslim Public Affairs Council Foundation
Los Angeles, California

We have audited the accompanying financial statements of the Muslim Public Affairs Council Foundation (a California nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets 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. Those 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 the Muslim Public Affairs Council Foundation as of December 31, 2014, 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.

Jain & Associates

Los Angeles, California
December 14, 2015
MUSLIM PUBLIC AFFAIRS COUNCIL FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

CURRENT ASSETS
Cash and cash equivalents $ 313,643

OTHER ASSETS
Interest in net assets of Global Justice Endowment 474,312

TOTAL ASSETS $ 787,955

LIABILITIES AND NET ASSETS

LIABILITIES
Due to directors $ 50,000

TOTAL LIABILITIES 50,000

NET ASSETS
Unrestricted 198,457
Temporarily restricted 65,186
Permanently restricted 474,312

TOTAL NET ASSETS 737,955

TOTAL LIABILITIES AND NET ASSETS $ 787,955

See independent auditor’s report and accompanying notes to financial statements
MUSLIM PUBLIC AFFAIRS COUNCIL FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2014

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest in net assets of Global Justice Endowment</td>
<td>$</td>
<td>-</td>
<td>$ (9,977)</td>
<td>$ (9,977)</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>9,009</td>
<td>-</td>
<td>-</td>
<td>9,009</td>
</tr>
<tr>
<td>Total earned revenue</td>
<td>9,009</td>
<td>-</td>
<td>(9,977)</td>
<td>(968)</td>
</tr>
<tr>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>1,045,145</td>
<td>60,173</td>
<td>-</td>
<td>1,105,318</td>
</tr>
<tr>
<td>Event income</td>
<td>405,986</td>
<td>-</td>
<td>-</td>
<td>405,986</td>
</tr>
<tr>
<td>Global Justice Endowment</td>
<td>36,563</td>
<td>-</td>
<td>-</td>
<td>36,563</td>
</tr>
<tr>
<td>Total support</td>
<td>1,487,694</td>
<td>60,173</td>
<td>-</td>
<td>1,547,867</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>18,493</td>
<td>(18,493)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total releases</td>
<td>18,493</td>
<td>(18,493)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue</td>
<td>1,515,196</td>
<td>41,680</td>
<td>(9,977)</td>
<td>1,546,899</td>
</tr>
</tbody>
</table>

| EXPENSES | | | | |
| Program services | 1,533,488 | - | - | 1,533,488 |
| General and administration | 24,050 | - | - | 24,050 |
| Total expenses | 1,557,538 | - | - | 1,557,538 |

| CHANGE IN NET ASSETS | | | | |
| (42,342) | 41,680 | (9,977) | (10,639) |

| NET ASSETS, beginning of year | 240,799 | 23,506 | 484,289 | 748,594 |

| NET ASSETS, end of year | $ 198,457 | $ 65,186 | $ 474,312 | $ 737,955 |

See independent auditor's report and accompanying notes to financial statements
CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets $ (10,639)

Adjustments to reconcile change in net assets to net cash provided by operating activities:
  Interest in net assets of Global Justice Endowment 9,977

Change in assets and liabilities:
  Accounts payable (5,000)
  Due to directors 50,000

Net cash provided by operating activities 44,338

NET INCREASE IN CASH 44,338

Cash and cash equivalents, beginning of year 269,305

Cash and cash equivalents, end of year $ 313,643

SUPPLEMENTAL DISCLOSURE
  Cash paid for interest expense $ 185

See independent auditor’s report and accompanying notes to financial statements
Note 1 – Nature of Operations

Muslim Public Affairs Council Foundation (the “Foundation”) is a 501(c)(3) nonprofit foundation, whose vision is to educate fellow Americans with an accurate understanding of Islam. The purpose of the Foundation is to engage in the research and development of issues related to human rights, democracy and pluralism; to educate all Americans regarding the teachings of Islam; and to serve the Muslim American community and promote the Islamic values of mercy, justice, peace, human dignity, freedom, and equality for all. The Foundation receives support primarily from private donations.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

The Foundation 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.

*Unrestricted Net Assets* – Includes assessment revenues, contributions, fundraising and other forms of unrestricted revenues and expenditures related to the general operations and fundraising efforts of the Foundation.

*Temporarily Restricted Net Assets* – Includes resources received that are temporarily restricted as to use by the donor or grantor. When the restriction expires, the net assets of this fund are reclassified to unrestricted net assets. At December 31, 2014, the Foundation had $65,186 of temporarily restricted net assets, as detailed in Note 3 of these financial statements.

*Permanently Restricted Net Assets* – Includes assets that have been restricted by the donor in perpetuity and cannot be expended by the Foundation. At December 31, 2014, the Foundation had $474,312 of permanently restricted net assets, as detailed in Note 4 of these financial statements.

Use of estimates

The preparation of 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 at the date of the financial statements and
Note 2 – Summary of Significant Accounting Policies (Continued)

Use of estimates (Continued)

the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash equivalents include money market accounts, time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less which are not securing any of the Foundation’s obligations.

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor’s intended purpose is met or a time restriction expires, the temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Functional allocation of expenses

Costs are charged to program and supporting services (management and general) based primarily on direct expenditures incurred. The Foundation’s major classes of program services include community development, conventions, hate crime prevention, marketing, media award, and the Progressive Jewish Alliance partnership. Expenses not directly chargeable to these functional categories are allocated (indirect costs applied) on direct labor dollars, square footage utilized, or a comparably reasonable basis of allocation.

Income taxes

The Foundation is exempt from taxes under Section501(c)(3) of the Internal Revenue Code (“IRC”), and from federal and state income taxes under Section501(a) of the IRC and corresponding sections of the California Revenue and Taxation Code. Accordingly, no provision or benefit for federal or state income taxes is recorded in the accompanying financial statements.
Note 2 – Summary of Significant Accounting Policies (Continued)

Income taxes (Continued)

The Foundation has no uncertain tax benefits as of December 31, 2014. The Foundation’s federal income tax returns for tax years 2011 and beyond remain subject to examination by the Internal Revenue Service. The returns for California, its most significant state jurisdiction, remain subject to examination by state taxing authorities for the tax years 2010 and beyond.

Interest in net assets from a supporting organization

The Foundation recognizes its rights to assets held by a recipient organization that is financially interrelated in accordance with Accounting Standards Codification (ASC) Topic 958-20-25-2, Not-for-Profit Entities. Such rights are recognized as an asset, unless the donor has explicitly granted the recipient organization variance power, that is, the unilateral power to redirect the use of the assets. Those rights are either an interest in the net assets of the recipient organization, a beneficial interest in the recipient organization or a receivable. The Foundation accounts for its interest in the net assets of Global Justice Endowment in a manner similar to the equity method (see Note 4). Changes in the net assets of Global Justice Endowment are included in the statement of activities and changes in net assets.

Subsequent events

The Foundation has evaluated the impact of subsequent events through December 14, 2015, which is the date the financial statements were available to be issued.

Note 3 – Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am Change</td>
<td>$31,918</td>
</tr>
<tr>
<td>Waqf Endowment</td>
<td>3,385</td>
</tr>
<tr>
<td>Strategic Planning Grant</td>
<td>8,000</td>
</tr>
<tr>
<td>Young Leaders</td>
<td>21,883</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$65,186</strong></td>
</tr>
</tbody>
</table>


Note 3 – Temporarily Restricted Net Assets (Continued)

Contributions of temporarily restricted net assets amounted to $60,173 for the year ended December 31, 2014. Releases of temporarily restricted net assets due to satisfaction of program restrictions amounted to $18,493 for the year ended December 31, 2014.

Note 4 – Interest in Net Assets from a Supporting Organization and Permanently Restricted Net Assets

Global Justice Endowment is a 501(c)(3) nonprofit organization established for the purpose of supporting the charitable programs and activities of the Muslim Public Affairs Council (the “Organization”) and the Foundation. The three organizations have separate boards of directors over which the Foundation does not exercise control.

Because Global Justice Endowment and the Foundation are financially interrelated entities, the Foundation records its interest in the net assets of Global Justice Endowment of $474,312 as of December 31, 2014.

Note 5 – Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents. The Foundation maintains cash balances at various financial institutions that it considers to be high quality financial institutions. At times, such amounts may exceed federally insured limits.

Note 6 – Commitments

The Foundation conducts its operations in leased office facilities in Los Angeles, California under an operating lease with Global Justice Holdings, LLC that expires on November 30, 2018 (see Note 7). The Foundation’s rent expense for the year ended December 31, 2014 was $49,200. The lease will automatically renew for an additional 5-year term unless either party elects to terminate the lease within a 90-day period prior to the new expiration date by delivering a written notice expressing such interest.

On July 1, 2013, the Foundation entered into a sublease agreement with Muslim Reform Institute (MRI) that expires on November 30, 2018 to provide space to fulfill its charitable purposes (see Note 7). The Foundation received $9,000 from MRI during the year ended December 31, 2014 for the rent, which is recorded in miscellaneous income. Future minimum rental payments, net of future sublease income, required under these leases are as follows:
Note 6 – Commitments (Continued)

<table>
<thead>
<tr>
<th>Years ending December 31,</th>
<th>Rent Payments</th>
<th>Rent Income</th>
<th>Net Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$49,200</td>
<td>9,000</td>
<td>$40,200</td>
</tr>
<tr>
<td>2016</td>
<td>49,200</td>
<td>9,000</td>
<td>40,200</td>
</tr>
<tr>
<td>2017</td>
<td>49,200</td>
<td>9,000</td>
<td>40,200</td>
</tr>
<tr>
<td>2018</td>
<td>45,100</td>
<td>8,250</td>
<td>36,850</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$192,700</strong></td>
<td><strong>35,250</strong></td>
<td><strong>$157,450</strong></td>
</tr>
</tbody>
</table>

Note 7 – Related Party Transactions

On January 4, 2011, the Foundation entered into an operating lease agreement (see Note 6) with Global Justice Holdings, LLC. The Foundation is a party in interest in relation to Global Justice Holdings, LLC through its relationship with Global Justice Endowment (see Note 4).

On July 1, 2013, the Foundation entered into a sublease agreement with MRI (see Note 6). The Foundation and MRI have common board members.

During the year ended December 31, 2014, the Foundation received $36,653 from Global Justice Endowment for support of the Foundation’s activities.

During the year ended December 31, 2014, approximately 95% of the Foundation’s payments were made to the Organization. These payments, totaling $1,475,788 during 2014, were made under a contract for the Organization to administer all program services and perform all administrative duties of the Foundation.

As of December 31, 2014, the Foundation had $50,000 due to director, which represents various short-term advances that bear interest at 2.15% per annum. The Foundation recorded interest expense of $185 on these advances for the year ended December 31, 2014.