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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
To Management of
Muslim Public Affairs Council Foundation

We have audited the accompanying financial statements of Muslim Public Affairs Council Foundation. ("MPACF" or the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities 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.
INDEPENDENT AUDITORS' REPORT (continued)

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 Muslim Public Affairs Council Foundation as of December 31, 2017, 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.

GTL, LLP

Los Angeles, CA
July 26, 2018
MUSLIM PUBLIC AFFAIRS COUNCIL FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS
Cash and cash equivalents $ 318,987
Accounts receivable 49,985
Investments 83,609
  452,581

OTHER ASSETS
Interest in net assets of Global Justice Endowment 760,441
  TOTAL ASSETS $ 1,213,022

LIABILITIES AND NET ASSETS

LIABILITIES:
Accounts payable and accrued expenses $ 129,000
  129,000

NET ASSETS:
Unrestricted 323,581
Permanently restricted 760,441
  TOTAL NET ASSETS 1,084,022

TOTAL LIABILITIES AND NET ASSETS $ 1,213,022

See independent auditors' report and accompanying notes to financial statements.
### MUSLIM PUBLIC AFFAIRS COUNCIL FOUNDATION
### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
### YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Changes in Unrestricted Net Assets</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues, Gains, and Other Support</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned income</td>
<td>$2,501</td>
<td>$</td>
<td>$</td>
<td>$2,501</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$6,750</td>
<td>$</td>
<td>$</td>
<td>$6,750</td>
</tr>
<tr>
<td>Interest in net asset of Global Justice Endowment</td>
<td>$-</td>
<td>$</td>
<td>$351,261</td>
<td>$351,261</td>
</tr>
<tr>
<td><strong>Total earned revenue</strong></td>
<td>$9,251</td>
<td>$</td>
<td>$351,261</td>
<td>$360,512</td>
</tr>
<tr>
<td><strong>Support</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>$1,932,512</td>
<td>$</td>
<td>$</td>
<td>$1,932,512</td>
</tr>
<tr>
<td>Global Justice Endowment</td>
<td>$32,000</td>
<td>$</td>
<td>$</td>
<td>$32,000</td>
</tr>
<tr>
<td><strong>Total unrestricted revenues, gains</strong></td>
<td>$1,964,512</td>
<td>$</td>
<td>$</td>
<td>$1,964,512</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>$31,119</td>
<td>$(31,119)</td>
<td>$</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Total revenues, gains and other support</strong></td>
<td>$2,004,882</td>
<td>$(31,119)</td>
<td>$351,261</td>
<td>$2,325,024</td>
</tr>
<tr>
<td><strong>Functional Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>$2,184,103</td>
<td>$</td>
<td>$</td>
<td>$2,184,103</td>
</tr>
<tr>
<td>General and administration</td>
<td>$43,647</td>
<td>$</td>
<td>$</td>
<td>$43,647</td>
</tr>
<tr>
<td><strong>Total functional expenses</strong></td>
<td>$2,227,750</td>
<td>$</td>
<td>$</td>
<td>$2,227,750</td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>$(222,868)</td>
<td>$(31,119)</td>
<td>$351,261</td>
<td>$97,274</td>
</tr>
<tr>
<td><strong>Net Assets, beginning of year</strong></td>
<td>$546,449</td>
<td>$31,119</td>
<td>$409,180</td>
<td>$986,748</td>
</tr>
<tr>
<td><strong>Net Assets, end of year</strong></td>
<td>$323,581</td>
<td>$</td>
<td>$760,441</td>
<td>$1,084,022</td>
</tr>
</tbody>
</table>

See independent auditors' report and accompanying notes to financial statements.
MUSLIM PUBLIC AFFAIRS COUNCIL FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES
Change in net assets $ 97,274
Adjustments to reconcile change in net assets to net cash (used-in) operating activities:
Interest in net assets of Global Justice Endowment (351,261)
Changes in net assets and liabilities:
Accounts receivable (49,985)
Accounts payable and accrued expenses 70,853
Deferred revenue (49,347)
Net cash (used-in) operating activities (282,466)

CASH FLOWS FROM INVESTING ACTIVITIES
Certificates of Deposit 9,807
Net cash provided by investing activities 9,807

NET DECREASE IN CASH (272,659)
Cash and cash equivalents, beginning of year 591,646
Cash and cash equivalents, end of year $ 318,987

See independent auditors' 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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. On December 31, 2017, the Foundation had no temporarily restricted net assets.

*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, 2017, the Foundation had $760,441 of permanently restricted net assets, as detailed in Note 4 of these financial statements.

(b) Management 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 assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
NOTE 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(c) 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. The Foundation had $318,987 cash and cash equivalents at December 31, 2017.

(d) 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 statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

(e) 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, Marketing, Media Award, Publications, Safe Spaces, Truth over Fear, I Am Change, and Empowering Voices. 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.

(f) Income Taxes

The Foundation is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"), and from federal and state income taxes under Section 501(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

(f) Income Taxes  (Continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2017.

The Foundation's federal income tax returns for tax years 2014 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 2013 and beyond.

(g) 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 ("GJE") in a manner similar to the equity method (see Note 4). Changes in the net assets of Global Justice Endowment are included in the statements of activities and changes in net assets.

(h) Subsequent events

The Foundation has evaluated events subsequent to December 31, 2017, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 26, 2018 the date the financial statements were available to be issued. Based upon this evaluation, management determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.
NOTE 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(i) Reclassifications

Certain amounts in the December 31, 2016 financial statements have been reclassified to conform to the December 31, 2017 presentation. There was no effect on net assets.

(j) Recent Significant Accounting Pronouncements

In August 2016, the FASB issued **ASU 2016-14, Presentation of Financial Statements of Non-for-Profit Entities**, which decreases the number of net assets classes from three to two, *net assets with donor restrictions* and *net assets without donor restrictions*.

(a) Requires non-profits to provide in the notes qualitative information on how it manages its liquid available resources and liquidity risks.

(b) Requires quantitative information that communicates the availability of the non-profit’s financial assets at the balance sheet date to meet cash needs for general expenditures within one year, to be presented on the face of the financial statement and/or in the notes;

(c) Requires reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature.

The guidance will be effective for fiscal years beginning after December 15, 2017, with early application of the standard permitted.

NOTE 3  INTEREST IN NET ASSETS FROM SUPPORTING ORGANIZATIONS AND PERMANENTLY RESTRICTED NET ASSETS

Global Justice Endowment ("GJE") is a 501(c)(3) not-for-profit organization established for the charitable purpose of supporting the educational programs and activities of the Muslim Public Affairs Council (MPAC) and the Muslim Public Affairs Council Foundation (MPACF). The three organizations have separate boards of directors over which the Foundation does not exercise control.

Because GJE was established to operate exclusively for the benefit of the Foundation, and upon dissolution, 50% of its net assets would be transferred to the Foundation to be used to benefit the Foundation, and since variance power from the donor does not exist, the Foundation records its interest in the net assets of GJE.

As of December 31, 2017, the Foundation's interest in the net assets from a supporting organization is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% interest in net assets of Global Justice Endowment</td>
<td>$ 760,441</td>
</tr>
</tbody>
</table>
NOTE 4 COMMITMENTS

The Foundation conducts its operations in leased office facilities in Los Angeles, California under an operating lease agreement with Global Justice Holdings, LLC which expires on November 30, 2018 (see Note 5). The Foundation’s rent expense for the year ended December 31, 2017 paid to GJE, LLC amounted to $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 next expiration date by delivering a written notice expressing such interest.

On July 1, 2013, the Foundation entered into a subleased agreement with the Muslim Reform Institute (MRI) expiring 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, 2017 as rental income, which is recorded as miscellaneous income in the Statement of Activities. Future minimum rental payments, net of future sublease income, required under the lease agreements are as follows:

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th>Rent Payments</th>
<th>Rent Income</th>
<th>Net Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 45,100</td>
<td>$ 9,000</td>
<td>$ 36,100</td>
</tr>
<tr>
<td></td>
<td>$ 45,100</td>
<td>$ 9,000</td>
<td>$ 36,100</td>
</tr>
</tbody>
</table>

NOTE 5 RELATED PARTY TRANSACTIONS

On January 4, 2011, the Foundation entered into a long term office lease rental agreement (see Note 4, Commitments) 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 3).

On July 1, 2013, the Foundation entered into a subleased agreement with the Muslim Reform Institute (MRI). The Foundation and MRI have common board members.

During the year ended December 31, 2017, the Foundation received $32,000 from Global Justice Endowment for support of the Foundation’s activities.
NOTE 5 RELATED PARTY TRANSACTIONS - CONTINUED

During the year ended December 31, 2017, approximately 98% of the Foundation’s payments were made to the Muslim Public Affairs Council. These payments, totaling $2,052,803 during 2017, were made under a contract for the Council to administer all program services and perform all administrative duties of the Foundation.

LINE OF CREDIT

A line of credit was opened on behalf of the Foundation under the name of a board member. The Foundation has full access to a $50,000 revolving line of credit with a financial institution, bearing fixed interest rate at 2.15% per annum with a maturity date of March 28, 2019. The line of credit is secured by assets of the board member. As of December 31, 2017 the line of credit had no outstanding balance.

NOTE 6 CONCENTRATION OF RISK

The Foundation maintains cash balances at various financial institutions that it considers to be high quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2017, the Foundation had $37,340 on bank balances exceeding this limit.