

AMERICAN MUSLIM COMMUNITY FOUNDATION
Fremont, California
ANNUAL FINANCIAL REPORT
December 31, 2020

AMERICAN MUSLIM COMMUNITY FOUNDATION
FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2020
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Independent Auditor's Report

To the Board of Directors
American Muslim Community Foundation
Fremont, California

Opinion

We have audited the accompanying financial statements of American Muslim Community Foundation (a California not for profit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Muslim Community Foundation, as of December 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Muslim Community Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the American Muslim Community Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Muslim Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the American Muslim Community Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Rohini Shah, CPA
Licensed in state of California
Ahmedabad, GJ, India
June 11, 2025.

BASIC FINANCIAL STATEMENTS

AMERICAN MUSLIM CUMMUNITY FOUNDATION

Fremont, California

STATEMENT OF FINANCIAL POSITION

December 31, 2020

| | <u>2020</u> |
|--|---------------------------|
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash and cash equivalents | \$1,446,354 |
| Investments | 140,425 |
| Account receivables | 235,963 |
| | <u>\$1,822,742</u> |
| <u>LIABILITIES AND NET ASSETS</u> | |
| Current Liabilities: | |
| Accounts payable | \$ 1,687 |
| Other liabilities | 18,905 |
| | <u>20,592</u> |
| NET ASSETS: | |
| With donor restrictions | 1,771,475 |
| Without donor restrictions | 30,675 |
| | <u>1,802,150</u> |
| Total net assets | <u><u>\$1,822,742</u></u> |

AMERICAN MUSLIM CUMMUNITY FOUNDATION

Fremont, California

STATEMENT OF ACTIVITIES

December 31, 2020

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------------|
| REVENUES: | | | |
| Contributions | \$ 256,587 | \$ 2,480,538 | \$2,737,125 |
| Investment return | 980 | 9,326 | 10,306 |
| Total revenues | <u>257,567</u> | <u>2,489,864</u> | <u>2,747,431</u> |
| Net assets released from restrictions | <u>1,584,307</u> | <u>(1,584,307)</u> | <u>-</u> |
| EXPENSES: | | | |
| Program services | 1,772,635 | - | 1,772,635 |
| Management and general expenses | 94,395 | - | 94,395 |
| Fundraising expenses | 26,605 | - | 26,605 |
| Total expenses | <u>1,893,635</u> | <u>-</u> | <u>1,893,635</u> |
| CHANGE IN NET ASSETS | <u>(51,761)</u> | <u>905,557</u> | <u>853,796</u> |
| NET ASSETS, beginning of year | <u>82,436</u> | <u>865,918</u> | <u>948,354</u> |
| NET ASSETS, end of year | <u><u>\$ 30,675</u></u> | <u><u>\$ 1,771,475</u></u> | <u><u>\$1,802,150</u></u> |

AMERICAN MUSLIM CUMMUNITY FOUNDATION

Fremont, California

STATEMENT OF FUNCTIONAL EXPENSES

December 31, 2020

| | | Supporting services | | |
|---|--|---|--------------------------------|---------------------------|
| | Program Services expenses | Management and general expense | Fundraising expense | Total |
| Compensation, taxes, and benefits | | | | |
| Grant & DAF Disbursement | \$ 1,668,379 | \$ - | \$ - | \$1,668,379 |
| Compensation | 46,580 | 27,948 | 18,632 | 93,160 |
| Payroll taxes | 2,457 | 2,458 | 2,457 | 7,372 |
| Employee benefits | - | 3,967 | - | 3,967 |
| Total compensation, taxes, and benefits | <u>1,717,416</u> | <u>34,373</u> | <u>21,089</u> | <u>1,772,878</u> |
| | - | | | - |
| Financial Expense | - | 31,867 | - | 31,867 |
| Information Technology | - | 6,289 | - | 6,289 |
| Travel | - | - | 5,067 | 5,067 |
| Contractors | - | 5,620 | - | 5,620 |
| Insurance | - | 2,162 | - | 2,162 |
| Office administration | - | 6,053 | - | 6,053 |
| Professional services | - | 6,826 | 449 | 7,275 |
| Advertising and Promotion | 55,219 | - | - | 55,219 |
| Bank charges | - | - | - | - |
| Penalties & Settlements | - | 1,205 | - | 1,205 |
| | | | | |
| Total expenses | <u><u>\$ 1,772,635</u></u> | <u><u>\$ 94,395</u></u> | <u><u>\$ 26,605</u></u> | <u><u>\$1,893,635</u></u> |

AMERICAN MUSLIM CUMMUNITY FOUNDATION

Fremont, California

STATEMENT OF CASHFLOWS

December 31, 2020

| | <u>2020</u> |
|---|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Change in net assets | \$ 853,796 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Realized (gain) loss on investments | - |
| Unrealized (gain) loss on investments | (10,307) |
| Changes in operating assets and liabilities that provided (used) cash: | |
| Account Receivables | (99,345) |
| Right-of-use asset | - |
| Accounts payable | (6,989) |
| Other liabilities | <u>14,278</u> |
| Net cash provided by operating activities | 751,433 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Proceeds from income of investments | 10,307 |
| Purchases of investments | <u>(140,424)</u> |
| Net cash used in investing activities | <u>(130,117)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 621,316 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>825,038</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u><u>\$1,446,354</u></u> |

NOTES TO FINANCIAL STATEMENTS

AMERICAN MUSLIM COMMUNITY FOUNDATION
Fremont, California
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. Summary of Significant Accounting Policies:

Nature of Activities – The American Muslim Community Foundation (AMCF) is a California not-for-profit corporation, a national community foundation advancing charitable giving within the American Muslim community. Since 2016, American Muslim Community Foundation has launched hundreds of Donor Advised Funds, Giving Circles, endowments, and fiscal sponsorships, helping individuals and institutions organize their philanthropy. With a focus on social basic needs, racial justice, and health equity, American Muslim Community Foundation has worked with hundreds of families and dozens of endowments to distribute over \$24 million to more than 900 nonprofits.

Basis of Presentation – The financial statements of the American Muslim Community Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August, 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA), “Audit and Accounting Guide for Not-for Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the American Muslim Community Foundation and changes therein are classified as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations. Assets restricted solely through actions of the Board are reported as net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Net Assets With Donor Restrictions: Net assets that are subject to donor-imposed stipulations. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the assets be maintained permanently by the American Muslim Community Foundation. Generally, the donors of these assets permit the American Muslim Community Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents and Investments – Cash and cash equivalents and investments are stated at fair value and consist of interest-bearing checking and money market accounts, certificates of deposit, mutual funds, and securities. Certain investments are held in brokerage house investment accounts that are not insured by the Federal Deposit Insurance Corporation (FDIC). Certain bank deposits occasionally exceed FDIC insurance limits. American Muslim Community Foundation has a total of \$1,446,354 of fund deposits.

Land, Building, and Equipment – Land, building, and equipment are recorded at cost or, in the case of donated items, at fair value on the date received. Depreciation of equipment and building is provided using the straight-line method over the anticipated useful lives of the assets, ranging from five to ten years for equipment and forty years for the building. The American Muslim Community Foundation's policy is to capitalize assets having a useful life greater than one year and a cost of \$2,500 or more.

Contributions – Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions received into donor-advised funds are recorded as net assets with donor restrictions, as the funds are subject to donor recommendations on future distributions. However, legal control of the funds resides with the Organization. Revenue is recognized at the time of the donor's contribution. Subsequent grants from DAFs to other qualified beneficiaries are recorded as expenses when approved by the Organization's board or authorized committee.

Contributions that establish or add to permanent endowments are classified as net assets with donor restrictions – perpetual. These funds are invested in accordance with the Organization's endowment spending and investment policy. Investment income and gains or losses on endowment funds are reported based on donor stipulations.

All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities, as net assets released from restrictions.

Expense Allocation – The costs of providing programs and other activities have been summarized on a functional basis. Salaries and related expenses are allocated based on an estimated proportion of time spent for each function. Other direct expenses are charged to the function to which they relate. All other expenses (indirect) are allocated among program and support service classifications on the same basis as staff time. The following is a summary description of the American Muslim Community Foundation's functional expense categories:

- **Fund-raising**
Those costs associated with all fund-raising, including the annual campaign, special events, grants, other contributions, and endowment fund.
- **Management and General**
Those costs associated with administration of the American Muslim Community Foundation, including accounting, personnel, staff supervision, and board operations.
- **Community Services**
Those costs associated with the oversight of grants, being a fiscal agent and/or trustee for community services.

Tax Status – The Internal Revenue Service has determined American Muslim Community Foundation to be exempt from income taxes under provisions of Internal Revenue Code Section 501(c)(3) and the organization is classified as other than a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for income taxes has been made in these financial statements. American Muslim Community Foundation follows the income tax standard

regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The implementation of this standard had no impact on American Muslim Community Foundation's financial statements.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated Goods and Services – A substantial amount of goods and services have been contributed to the American Muslim Community Foundation to help carry out its activities. The value of these contributions is not recorded in the accompanying financial statements since it is generally not susceptible to objective measurement or valuation.

2. Investments:

Fair Value Measurements

American Muslim Community Foundation measures fair value in accordance with the FASB ASC 820 – Fair Value Measurements and Disclosures, provides the 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 under FASB ASC 820 are described as follows:

The inputs used to measure fair value are categorized into the following three categories:

- **Level 1** – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stock, corporate and government bonds. American Muslim Community Foundation has the ability to access as of the measurement date.
- **Level 2** – Inputs, other than quoted prices, which are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- **Level 3** – Inputs that are unobservable. Unobservable inputs reflect American Muslim Community Foundation's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

American Muslim Community Foundation has elected, under the fair value option permitted by ASC 825 – Financial Instruments, to measure its investment in certificates of deposit at fair value. This election is made on an instrument-by-instrument basis and is irrevocable. This investment is classified as a Level 1 asset, as the valuation is based on unadjusted quoted prices in active markets for identical investments, such as stock, corporate and government bonds.

Investments are carried at fair value and consist of the following as of December 31, 2020:

| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--------------|-------------------|---|---|---|
| Investments: | Fair Value | | | |
| Stocks | \$ 140,425 | \$ 140,425 | \$ - | \$ - |
| Mutual funds | - | - | - | - |
| Total | \$ 140,425 | \$ 140,425 | \$ - | \$ - |

2. Investments (Continued):

Total realized and unrealized loss and gains for the year ended December 31, 2020, was \$10,307.

3. Accounts receivable:

Accounts receivable consist primarily of amounts due from donors, grantors, and other funding sources. These receivables are stated at net realizable value. The Organization assesses the collectability of receivables on a regular basis and records an allowance for doubtful accounts, if necessary, based on historical collection experience, current economic conditions, and specific identification of uncollectible accounts. As of December 31, 2020, management has determined that no allowance is necessary.

4. Endowments:

The American Muslim Community Foundation's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the American Muslim Community Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the American Muslim Community Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the American Muslim Community Foundation in a manner consistent with the standard of prudence prescribed by SUMIFA. In accordance with SUMIFA, the American Muslim Community Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the American Muslim Community Foundation, and (7) the American Muslim Community Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies - The American Muslim Community Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide for the safety of principal, growth of principal, and income generation through the investment in securities and bank investment vehicles and to provide maximum total return consisting of interest, dividends, realized and unrealized capital gains. Accordingly, the investment policy should emphasize the total return from endowment assets consistent with the risks associated with the various asset classes. The long-term preservation of the purchasing power of the endowment shall be the primary priority. Endowment assets are invested in a well-diversified asset mix, which includes equity, fixed

4. Endowments (Continued):

income, and hard asset securities that are intended to result in a consistent inflation-protected rate of return. Therefore, the American Muslim Community Foundation expects its endowment assets, over any five-year period of time, to produce an annual average return of at least 2 to 4% over the inflation rate. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the probabilities of not meeting the investment goals.

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

| <u>December 31, 2020</u> | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total endowments</u> |
|--------------------------|---------------------------------------|------------------------------------|-----------------------------|
| Donor - restricted | | | |
| Endowment funds | \$ - | \$ 44,370 | \$ 44,370 |
| Board designated | | | |
| Endowment funds | - | - | - |
| | <u>\$ -</u> | <u>\$ 44,370</u> | <u>\$ 44,370</u> |

5. Donor-Advised funds:

The Organization maintains donor-advised funds (DAFs) for the benefit of charitable programs consistent with its mission. Contributions to these funds are made by donors who retain advisory privileges with respect to the investment or distribution of the funds; however, all contributions are legally owned and controlled by the Organization.

For American Muslim Community Foundation, the donor has specified **purpose restrictions** on the use of the funds—beyond advisory input—the donor-advised funds are classified as **net assets with donor restrictions** until such restrictions are satisfied.

As of December 31, 2020, the Organization held donor-advised funds totaling \$1,727,105, which are included in **net assets with donor restrictions** in the accompanying financial statements. These funds will be released from restriction as the specified purpose is fulfilled or the restriction period expires.

5. Related Party Transactions:

All related party transactions and agency board service are fully disclosed in accordance with American Muslim Community Foundation's policies.

6. Net Assets:

Net assets consist of the following for the year ended December 31, 2020:

| | 2020 |
|--|----------------------------|
| Net assets without donor restrictions | |
| Unrestricted net assets | \$ 30,675 |
| Net assets with donor restrictions | |
| Endowments | 44,370 |
| Donor advised funds | 1,727,105 |
| Net assets | <u><u>\$ 1,802,150</u></u> |

7. Commitments and Contingencies:

As of December 31, 2020, American Muslim Community Foundation had **no material commitments or contingencies** requiring disclosure in the financial statements in accordance with U.S. generally accepted accounting principles.

8. Liquidity:

The following reflects American Muslim Community Foundation's current financial assets which will be available for use within one year of December 31, 2020 respectively:

| | 2020 |
|-----------------------------|----------------------------|
| Cash and cash equivalents | \$ 1,446,354 |
| Investments | 140,425 |
| Receivables | 235,963 |
| Total current assets | <u><u>\$ 1,822,742</u></u> |

American Muslim Community Foundation manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Quarterly reporting by management to those charged with governance ensures the results from operating activities are closely monitored.

9. Income Taxes:

The corporation qualifies as a charity in accordance with Sections 501(c)(3) of the Internal Revenue Code. It is also exempt from state income tax under the applicable provisions of the California Revenue and Taxation Code. The Organization is required to file an annual information report with the Internal Revenue Service (IRS) on Form 990. These required filings are current and are subject to examination by the IRS, generally for three years after they are filed.

10. Subsequent events:

The American Muslim Community Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date the financial statements were available to be issued on June 11, 2025.

Based on this evaluation, there were no events that occurred subsequent to the statement of financial position date that require disclosure or adjustment in the accompanying financial statements.

MANAGEMENT LETTER

To the Board of Directors
American Muslim Community Foundation
Fremont, California

We have audited the financial statements of the American Muslim Community Foundation as of and for the year ended December 31, 2020, and have issued our report thereon dated June 11, 2025.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior period.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year applicable to this management letter.

CONCLUSION

We very much enjoyed the challenges and experiences associated with this year's audit of the American Muslim Community Foundation. We appreciate the helpful assistance, and courtesy afforded us by the employees and look forward to working with you in the future.



Rohini Shah, CPA
Licensed in state of California
Ahmedabad, GJ, India
June 11, 2025.