

INNER-CITY MUSLIM ACTION NETWORK
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009
(With comparative summarized information for
the year ended December 31, 2008)

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Independent Auditors' Report

The Board of Directors
Inner-City Muslim Action Network
2744 West 63rd Street
Chicago, Illinois 60629

I have audited the accompanying statement of financial position of the Inner-City Muslim Action Network (IMAN), an Illinois not-for-profit organization, as of December 31, 2009, and related statements of activities, functional expenses, and cash flows for the year then ended. These statements are the responsibility of IMAN's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMAN as of December 31, 2009, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The prior year summarized comparative information is derived from IMAN's 2008 financial statements, which were audited by me. My report, dated January 29, 2009, expressed an unqualified opinion on those financial statements.

James M. Babic, PC

May 21, 2010

INNER-CITY MUSLIM ACTION NETWORK
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009
(With comparative totals for December 31, 2008)

<u>ASSETS</u>	As of December 31, 2009			Totals
	Unrestricted	Temporarily Restricted	Total	as of Dec. 31, 2008
CURRENT ASSETS				
Cash (Note 5)	\$ 101,332	\$ 187,165	\$ 288,497	\$ 392,377
Investments (Note 6)	531	-	531	358
Grants and contracts receivable within one year	154,844	-	154,844	81,894
Pledges receivable within one year (Note 7)	179,243	-	179,243	177,829
Other receivables	7,774	-	7,774	7,900
Prepaid expenses and other	20,850	-	20,850	6,872
Total current assets	464,574	187,165	651,739	667,230
PROPERTY AND EQUIPMENT, net of accumulated depreciation (Note 8)	1,112,194	-	1,112,194	811,020
OTHER ASSETS				
Pledges receivable, one to two years (Note 7)	-	-	-	177,828
Lease security and utility deposits	11,490	-	11,490	11,250
Total other assets	11,490	-	11,490	189,078
Total assets	\$ 1,588,258	\$ 187,165	\$ 1,775,423	\$ 1,667,328
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 87,814	\$ -	\$ 87,814	\$ 86,149
Notes payable (Note 9)	29,175	-	29,175	27,528
Current maturities of long-term debt (Note 10)	66,237	-	66,237	82,475
Total current liabilities	183,226	-	183,226	196,152
LONG-TERM DEBT, net of current maturities (Note 10)	495,904	-	495,904	503,378
Total liabilities	679,130	-	679,130	699,530
NET ASSETS	909,128	187,165	1,096,293	967,798
Total liabilities and net assets	\$ 1,588,258	\$ 187,165	\$ 1,775,423	\$ 1,667,328

The accompanying notes are an integral part of these financial statements

INNER-CITY MUSLIM ACTION NETWORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

(With comparative totals for the year ended December 31, 2008)

	Year Ended December 31, 2009			Total for the Year Ended Ended Dec. 31, 2008
	Unrestricted	Temporarily Restricted	Total	
PUBLIC SUPPORT AND REVENUES:				
Public support:				
Grants and contributions (Note 11)	\$ 1,490,824	\$ 123,000	\$ 1,613,824	\$ 1,036,479
Net assets released from restrictions upon satisfaction of program requirements	155,379	(155,379)	-	-
Revenues:				
Contract fees and awards (Note 11)	39,791	-	39,791	57,740
Event fees and admissions	19,019	-	19,019	7,183
Increase (decrease) in the fair market value of investments	199	-	199	(291)
Investment dividend and interest income, net of investment fees (Note 6)	(28)	-	(28)	41
Expense reimbursements and other	9,256	-	9,256	566
Total revenues	68,237	-	68,237	65,239
Total public support and revenues	1,714,440	(32,379)	1,682,061	1,101,718
EXPENSES:				
Program services:				
Social services	587,589	-	587,589	457,745
Outreach	320,713	-	320,713	260,324
Networking and organizing	378,498	-	378,498	247,433
Total program services	1,286,800	-	1,286,800	965,502
Supporting services:				
Management and general	116,438	-	116,438	63,326
Resource development	105,431	-	105,431	62,660
Total supporting services	221,869	-	221,869	125,986
Total program and supporting services expenses	1,508,669	-	1,508,669	1,091,488
NET INCREASE (DECREASE) IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION	205,771	(32,379)	173,392	10,230
Depreciation and amortization (Note 8)	(44,897)	-	(44,897)	(37,703)
NET INCREASE (DECREASE) IN NET ASSETS	160,874	(32,379)	128,495	(27,473)
NET ASSETS				
Beginning of the year	748,254	219,544	967,798	995,271
End of the year	\$ 909,128	\$ 187,165	\$ 1,096,293	\$ 967,798

The accompanying notes are an integral part of these financial statements

INNER-CITY MUSLIM ACTION NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009
(With comparative totals for the year ended December 31, 2008)

	PROGRAM SERVICES				SUPPORTING SERVICES			GRAND TOTALS	
	Social Services	Outreach	Networking and Organizing	Total	Management and General	Resource Development	Total	2009	2008
Salaries and wages	\$ 267,619	\$ 159,125	\$ 188,057	\$ 614,801	\$ 58,457	\$ 50,631	\$ 109,088	\$ 723,889	\$ 454,287
Staff health insurance benefits	8,368	4,975	5,880	19,223	1,809	1,583	3,392	22,615	24,073
Payroll taxes	25,378	15,090	17,833	58,301	4,893	4,801	9,694	67,995	47,045
Contracted services and stipends	32,714	19,451	22,988	75,153	7,073	6,189	13,262	88,415	44,036
Accounting and audit	6,700	3,984	4,708	15,392	1,447	1,268	2,715	18,107	31,761
Consulting and other professional fees	38,013	22,602	26,711	87,326	8,219	7,191	15,410	102,736	97,325
Scholarships and assistance for individuals	32,455	-	-	32,455	-	-	-	32,455	28,740
Occupancy (Note 12)	36,543	21,729	25,679	83,951	7,901	6,914	14,815	98,766	60,124
Equipment rent, repairs and maintenance	2,533	1,506	1,779	5,818	547	479	1,026	6,844	9,489
Program-related expenditures	41,992	24,968	29,508	96,468	9,025	7,944	16,969	113,437	65,965
General liability and officers insurance	5,968	3,548	4,193	13,709	1,290	1,129	2,419	16,128	10,955
Telecommunications	6,074	3,056	3,612	12,742	1,111	972	2,083	14,825	8,147
Postage and courier	1,676	937	1,108	3,721	341	298	639	4,360	2,292
Printing and duplicating	2,584	1,536	1,816	5,936	559	489	1,048	6,984	16,465
Travel	23,202	13,796	16,304	53,302	5,017	4,390	9,407	62,709	43,546
Community relations	6,272	3,729	3,423	13,424	1,356	1,187	2,543	15,967	13,708
Medical tests	10,960	-	-	10,960	-	-	-	10,960	7,388
Supplies	23,909	14,216	16,801	54,926	3,144	4,523	7,667	62,593	37,090
Training, conferences, seminars	3,543	1,380	1,937	6,860	663	1,042	1,705	8,565	29,801
Meeting expenses	1,957	1,693	1,621	5,271	1,763	576	2,339	7,610	26,117
Miscellaneous	9,129	3,392	4,540	17,061	1,823	3,825	5,648	22,709	33,134
Total functional expenses	\$ 587,589	\$ 320,713	\$ 378,498	\$ 1,286,800	\$ 116,438	\$ 105,431	\$ 221,869	\$ 1,508,669	\$ 1,091,488

The accompanying notes are an integral part of these financial statements

INNER-CITY MUSLIM ACTION NETWORK
STATEMENT OF CASH FLOWS

	Year Ended December 31,	
	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES:		
Net increase (decrease) in net assets	\$ 128,495	\$ (27,473)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	44,897	37,703
Decrease (increase) in the fair market value of investments	(199)	291
Investment dividend and interest income, net of fees	28	(41)
(Increase) decrease in:		
Grants and contracts receivable	(72,950)	89,993
Pledges receivable	176,414	165,703
Other receivables	126	(5,300)
Prepaid expenses and other	(13,978)	(740)
Lease security and utility deposits	(240)	(1,250)
Increase (decrease) in:		
Accounts payable and accrued expenses	(15,759)	30,051
NET CASH PROVIDED BY OPERATING ACTIVITIES	246,834	288,937
CASH FLOW PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Purchase of office equipment, furniture, and fixtures	(23,575)	(4,450)
Purchases of real property	(152,322)	-
Purchases of leasehold improvements	(52,752)	-
Net sales of marketable equity securities	-	10,137
Net cash provided by (used in) investing activities	(228,649)	5,687
CASH FLOW PROVIDED BY (USED IN) IN FINANCING ACTIVITIES		
Payment made on capital lease obligation	(123,712)	(82,475)
Net proceeds on notes payable	1,647	7,000
Net cash used in financing activities	(122,065)	(75,475)
NET INCREASE (DECREASE) IN CASH	(103,880)	219,149
CASH, BEGINNING OF THE YEAR	392,377	173,228
CASH, END OF THE YEAR	\$ 288,497	\$ 392,377
SUPPLEMENTAL INFORMATION		
Purchases of land and building funded with long-term debt	\$ 100,000	\$ -

The accompanying notes are an integral part of these financial statements

INNER-CITY MUSLIM ACTION NETWORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009

NOTE 1 - HISTORY AND NATURE OF THE ORGANIZATION

The Inner-City Muslim Action Network (IMAN) was incorporated under the State of Illinois General Not-For-Profit Corporation Act of 1987. IMAN's mission is to nurture community growth among inner-city Muslims through social service, outreach, and networking/organizing programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation

The financial statements are prepared on the accrual basis of accounting.

Financial statement presentation follows the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, and No. 117, Financial Statements for Not-For-Profit Organizations.

Under SFAS No. 116 contributions are recognized in the period received, or in the period in which an unconditional promise to give is made.

Under SFAS No. 117, IMAN is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Classification of net assets as unrestricted, temporarily restricted, or permanently restricted is based on the absence or existence of donor imposed restrictions.

Donor-imposed restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, restricted support that is received and fulfilled within the same fiscal year is reported as unrestricted.

Income taxes

IMAN is exempt from federal taxes under Section 501(c)3 of the Internal Revenue Code. Contributions to IMAN qualify as charitable contributions under Section 170(b)(1)(A). IMAN is classified as an organization that is not a private foundation under Section 509(a)(2).

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures. Actual results could differ from those estimates.

Expense allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services

A substantial number of volunteers have donated a significant amount of their time to IMAN. However, a provision for the estimated value of services donated to IMAN is not included in the financial statements because an objective basis for measuring the value of such services is not available.

INNER-CITY MUSLIM ACTION NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 DECEMBER 31, 2009

NOTE 3 - PRIOR YEAR SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized information presented for comparative purposes. Such comparative information is in total but not by net asset class and, therefore, does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with IMAN's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2009 are available for the following programs:

<u>Program</u>	<u>Amount</u>
Arts and culture program capacity building	\$ 64,165
Career Development Initiative	25,000
One Nation One Chicago Film Contest	98,000
Total temporarily restricted net assets	<u>\$ 187,165</u>

NOTE 5 - CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

At various times during the year, IMAN's bank balances exceeded the federally insured limit. As of December 31, 2009, IMAN's uninsured cash balance was \$61,913.

NOTE 6 - INVESTMENTS

Investments in securities are measured at the fair market value as of the date of the statement of financial position. Income from investments is recorded as an increase in unrestricted net assets unless such income is restricted by the donors.

Below is a summary of investment activity for the year ended December 31, 2009:

<u>Asset</u>	<u>Fair Market Value 12/31/2008</u>	<u>Purchases and Earnings Re-invested</u>	<u>Sales and Re-demptions</u>	<u>Fees</u>	<u>Increase (Decrease) In Fair Market Value</u>	<u>Fair Market Value 12/31/2009</u>
Money market ...	\$ 8	\$ 9	\$ -	\$ (35)	\$ -	\$ (18)
Equity securities .	350	-	-	-	199	549
Totals	<u>\$ 358</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ (35)</u>	<u>\$ 199</u>	<u>\$ 531</u>

INNER-CITY MUSLIM ACTION NETWORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009

NOTE 7 - PLEDGES RECEIVABLE

Pursuant to a fund raising campaign conducted in 2007, IMAN recognized \$521,360 of pledges receivable. In accordance with SFAS 116 the amount of the recognized pledges receivable were discounted to their net present value as of December 31, 2007 using a rate of interest that approximates the money market rate of interest IMAN receives on its idle cash. As of December 31, 2009 and December 31, 2008, no discount was calculated due to the fact that the rate of return on idle cash is very low, and a substantial portion of these receivables are scheduled to be collected within one year.

The allowance for uncollectible pledges receivable as of December 31, 2009 and December 31, 2008 was \$228,378 and \$154,096, respectively.

NOTE 8 - PROPERTY AND EQUIPMENT, net of accumulated depreciation

Purchased capitalizable property and equipment is recorded at cost. Donated capitalizable property and equipment is recorded at the estimated fair market value on the date received. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful life for real property, leasehold improvements, office equipment, and vehicles is 31.5 years, 10 years, 3-5 years, and 3 years, respectively. Property and equipment and related accumulated depreciation as of December 31, 2009 and 2008 were as follows:

	12/31/09	12/31/08
Land and buildings	\$ 1,087,912	\$ 818,168
Leasehold improvements	52,752	-
Office furniture, fixtures, and equipment	92,859	69,284
Vehicles	17,300	17,300
Total cost of purchased capitalizable property and equipment . .	1,250,823	904,752
Less accumulated depreciation	(138,629)	(93,732)
Property and equipment, net of accumulated depreciation	\$ 1,112,194	\$ 811,020

NOTE 9 - NOTES PAYABLE

Notes payable as of December 31, 2009 and December 31, 2008 consists entirely of a program initiation loan used for a fund raising campaign. The program initiation loan originated in May, 2007, is payable upon demand, and is non-interest bearing. At the sole discretion of the lender, repayment of all or part of the outstanding balance may be waived.

INNER-CITY MUSLIM ACTION NETWORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009

NOTE 10 - LONG-TERM DEBT, net of current maturities

12/31/2009 12/31/2008

Noncancelable lease-to-own capital lease agreement that commenced in December 2006, ends in November 2016, payable in an initial rent payment of \$90,000 and 19 semi-annual rent payments of \$41,237. The purchase option within the agreement allows IMAN to purchase real property and office furniture and fixtures currently being rented for a purchase price of \$840,803 less credits for the sum total of rent payments made through the date upon which the purchase option is exercised.

Rent currently being paid to the landlord is absolutely net, IMAN is responsible for payments of all utilities, taxes, insurance, and maintenance costs throughout the duration of the agreement.

The real property and office furniture and fixtures leased under this agreement is included on the balance sheet, in the line item of property and equipment, at the aggregate cash purchase price of \$840,803, net of \$91,596 and \$61,968 of accumulated amortization as of December 31, 2009 and 2008, respectively.

Outstanding balance	\$	462,141	\$	585,853
Less current maturities		41,237		82,475
Outstanding balance net of current maturities	\$	420,904	\$	503,378

Non-interest bearing installment note payable that originated on September 24, 2009, original amount of \$100,000, payable in four annual installments of \$25,000. The first annual installment is due on September 24, 2010, the second annual installment is due September 24, 2011, the third annual installment is due September 24, 2012, and the fourth annual installment is due September 24, 2013. The installment note payable was used to purchase, and is secured by a trust deed on, real estate known as 2745-47 W. 63rd Street, Chicago, IL.

Outstanding balance	\$	100,000	\$	-
Less current maturities		25,000		-
Outstanding balance net of current maturities	\$	75,000	\$	-

SUMMARY OF LONG-TERM DEBT

Outstanding balance	\$	562,141	\$	585,853
Less current maturities		66,237		82,475
Outstanding balance, net of current maturities	\$	495,904	\$	503,378

(Continued on the following page)

INNER-CITY MUSLIM ACTION NETWORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009

NOTE 10 - LONG-TERM DEBT, net of current maturities (Continued from the preceding page)

Future minimum obligations on long-term debt as of December 31, 2009 is as follows:

Year	Capital Lease	Installment Note	Total
2010	\$ 41,237	\$ 25,000	\$ 66,237
2011	82,475	25,000	107,475
2012	82,475	25,000	107,475
2013	82,475	25,000	107,475
2014 and thereafter	173,479	-	173,479
Totals	<u>\$ 462,141</u>	<u>\$ 100,000</u>	<u>\$ 562,141</u>

NOTE 11 - GRANTS AND CONTRIBUTIONS, AND CONTRACT FEES AND AWARDS

IMAN recognized grants and contributions and contract fees and awards from the following benefactors for the years ended December 31, 2009 and December 31, 2008:

<u>Grants and contributions:</u>	2009	2008
Case Foundation	\$ 4,000	\$ 31,000
Catholic Bishop of Chicago	20,000	20,000
Chicago Community Trust	200,000	11,000
Council of Islamic Organizations of Greater Chicago	13,000	17,000
Cricket Island Foundation	105,000	100,000
Field Foundation of Illinois, Inc.	-	25,000
Grant Healthcare Foundation	-	20,000
Henrietta Lange Burke Fund	-	30,750
Illinois Department of Economic Opportunity	50,000	40,000
Illinois Department of Human Services	-	100,000
Islamic Relief	10,500	10,000
Lloyd A. Fry Foundation	-	25,000
Local Initiatives Support Corporation	119,445	24,875
Marguerite Casey Foundation	300,000	43,000
Mayer & Morris Kaplan Family Foundation	-	20,000
Polk Bros. Foundation	25,000	20,000
Proteus Fund	67,500	-
Public Interests Projects, Inc., Four Freedoms Fund	65,000	50,000
Woods Fund of Chicago	35,000	47,000
Various individuals, each \$5,000 or more	409,420	257,215
Others under \$5,000 each, both years	189,959	144,639
Total grants and contributions, before discount	<u>\$ 1,613,824</u>	<u>\$ 1,036,479</u>

INNER-CITY MUSLIM ACTION NETWORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009

NOTE 11 - GRANTS AND CONTRIBUTIONS, AND CONTRACT FEES AND AWARDS

(Continued from the previous page)

<u>Contract fees and awards:</u>	2009	2008
After School Matters	\$ 5,135	\$ 5,900
Southwest Organizing Project	14,846	9,393
Southwest Youth Collaborative	11,377	-
Target Area Development Corporation	6,033	42,447
Others under \$5,000 each, both years	2,400	-
Total contract fees and awards	\$ 39,791	\$ 57,740

NOTE 12 - OPERATING LEASE COMMITMENTS

In addition to the lease-to-own agreement for the 2744 West 63rd Street facility (see Note 10), IMAN leased auxiliary space on an as-needed basis based upon program demands. Such lease agreements were short-term and did not require a long-term obligation. During the year ended December 31, 2009 and 2008 IMAN incurred \$15,000 and \$32,630 of expense under such lease agreements, respectively.

Also, IMAN rents modular facility space located on its main facility located at 2744 West 63rd Street. The rent agreement related to the modular facility space commenced in 2009 and requires a monthly rent payment of \$800. The current rent agreement has an original term of twenty-four months, with the opportunity to continue the rent agreement on a month-to-month base upon the expiration of the original twenty-four month term. IMAN's management expects to occupy the modular facility space for five to ten years. Rent expense related to the modular facility space for the year ended December 31, 2009 was \$7,200.

IMAN incurred \$42,061 of installation and set-up costs related to the modular facility space. Such costs have been capitalized and are being amortized over a ten year period under the straight-line method. Amortization expense related to these set-up costs for the year ended December 31, 2009 was \$2,454.