

**Short Form
Return of Organization Exempt From Income Tax**

2009

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

▶ Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 at the end of the year may use this form.

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2009 calendar year, or tax year beginning 2009, and ending 2009

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C The American Islamic Forum for Democracy PO Box 1832 Phoenix, AZ 85001	D Employer identification number 71-0940051
		E Telephone number 602-254-1840
<p>• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).</p>		F Group Exemption Number
<p>I Website: <u>www.aifdemocracy.org</u></p>		G Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual Other (specify) ▶
<p>J Tax-exempt status (check only one) - <input checked="" type="checkbox"/> 501(c) (<u>3</u>) (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527</p>		H Check <input type="checkbox"/> if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).
<p>K Check <input type="checkbox"/> if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A Form 990-EZ or Form 990 return is not required, but if the organization chooses to file a return, be sure to file a complete return.</p>		
<p>L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts; if \$500,000 or more, file Form 990 instead of Form 990-EZ</p>		▶ \$ <u>223,400.</u>

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I.)

		1	2	3	4	5a	5b	5c	6a	6b	6c	7a	7b	7c	8	9	10	11	12	13	14	15	16	17	18	19	20	21					
REVENUE	1	Contributions, gifts, grants, and similar amounts received														212,628.																	
	2	Program service revenue including government fees and contracts														10,450.																	
	3	Membership dues and assessments																															
	4	Investment income														322.																	
	5a	Gross amount from sale of assets other than inventory																															
	5b	Less: cost or other basis and sales expenses																															
	5c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)																															
	6	Special events and activities (complete applicable parts of Schedule G). If any amount is from gaming, check here <input type="checkbox"/>																															
	6a	Gross revenue (not including \$ of contributions reported on line 1)																															
	6b	Less: direct expenses other than fundraising expenses																															
6c	Net income or (loss) from special events and activities (Subtract line 6b from line 6a)																																
7a	Gross sales of inventory, less returns and allowances																																
7b	Less: cost of goods sold																																
7c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)																																
8	Other revenue (describe ▶)																																
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8														223,400.																		
EXPENSES	10	Grants and similar amounts paid (attach schedule)																															
	11	Benefits paid to or for members																															
	12	Salaries, other compensation, and employee benefits														72,385.																	
	13	Professional fees and other payments to independent contractors														108,426.																	
	14	Occupancy, rent, utilities, and maintenance														2,678.																	
	15	Printing, publications, postage, and shipping														2,121.																	
	16	Other expenses (describe ▶ <u>See Statement 1</u>)														82,934.																	
17	Total expenses. Add lines 10 through 16														268,544.																		
18	Excess or (deficit) for the year (Subtract line 17 from line 9)														-45,144.																		
NET ASSETS OR FUND BALANCES	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)																															
	20	Other changes in net assets or fund balances (attach explanation)														86,237.																	
	21	Net assets or fund balances at end of year. Combine lines 18 through 20														41,093.																	

Part II Balance Sheets. If Total assets on line 25, column (B) are \$1,250,000 or more, file Form 990 instead of Form 990-EZ (See the instructions for Part II)

		(A) Beginning of year	(B) End of year
22	Cash, savings, and investments	99,328.	48,255.
23	Land and buildings		
24	Other assets (describe ▶ <u>See Statement 2</u>)	5,946.	5,619.
25	Total assets	105,274.	53,874.
26	Total liabilities (describe ▶ <u>See Statement 3</u>)	19,037.	12,781.
27	Net assets or fund balances (line 27 of column (B) must agree with line 21)	86,237.	41,093.

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Form 990-EZ (2009)

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Part V Other Information (Note the statement requirements in the instrs for Part V.) See Statement 6

	Yes	No
33 Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity		X
34 Were any changes made to the organizing or governing documents? If 'Yes,' attach a conformed copy of the changes		X
35 If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining why the organization did not report the income on Form 990-T.		
a Did the organization have unrelated business gross income of \$1,000 or more or was it subject to section 6033(e) notice, reporting, and proxy tax requirements?		X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?		
36 Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If 'Yes,' complete applicable parts of Schedule N		X
37a Enter amount of political expenditures, direct or indirect, as described in the instructions ▶ 37a 0.		
b Did the organization file Form 1120-POL for this year?		X
38a Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the period covered by this return?		X
b If 'Yes,' complete Schedule L, Part II and enter the total amount involved	38b N/A	
39 Section 501(c)(7) organizations Enter		
a Initiation fees and capital contributions included on line 9	39a N/A	
b Gross receipts, included on line 9, for public use of club facilities	39b N/A	
40a Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ 0., section 4912 ▶ 0., section 4955 ▶ 0.		
b Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or is it aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If 'Yes,' complete Schedule L, Part I	40b	X
c Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0.		
d Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax on line 40c reimbursed by the organization ▶ 0.		
e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If 'Yes,' complete Form 8886-T	40e	X
41 List the states with which a copy of this return is filed ▶ AZ		

42a The organization's books are in care of ▶ William D. McBrearty, CPA Telephone no ▶ 602-407-2800
 Located at ▶ 3200 N Central Ave, Ste 1150 Phoenix AZ ZIP + 4 ▶ 85012

	Yes	No
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If 'Yes,' enter the name of the foreign country: ▶ _____	42b	X
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of a Foreign Bank and Financial Accounts.		
c At any time during the calendar year, did the organization maintain an office outside of the US ? If 'Yes,' enter the name of the foreign country: ▶ _____	42c	X

43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43 N/A N/A

	Yes	No
44 Did the organization maintain any donor advised funds? If 'Yes,' Form 990 must be completed instead of Form 990-EZ.	44	X
45 Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If 'Yes,' Form 990 must be completed instead of Form 990-EZ.	45	X

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only. All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 46-49b and complete the tables for lines 50 and 51.

	Yes	No
46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I.		X
47 Did the organization engage in lobbying activities? If 'Yes,' complete Schedule C, Part II.		X
48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E.		X
49a Did the organization make any transfers to an exempt non-charitable related organization?		X
b If 'Yes,' was the related organization a section 527 organization?		

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None.'

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
None				

f Total number of other employees paid over \$100,000

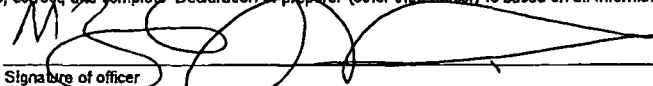
51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None.'

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
None		

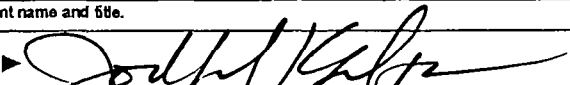
d Total number of other independent contractors each receiving over \$100,000

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here


11-15-10
 Signature of officer _____ Date _____
M. Zuhdi Jasser President
 Type or print name and title.

Paid Preparer's Use Only

Preparer's signature  Date 11/15/10
 Firm's name (or yours if self-employed), address, and ZIP + 4
KHALSA MCBREARTY ACCOUNTANCY, LLP
3200 N Central Avenue Ste 1150
PHOENIX, AZ 85012
 Check if self-employed Preparer's Identifying Number (See instructions) N/A
 EIN N/A
 Phone no. (602) 407-2800

May the IRS discuss this return with the preparer shown above? See instructions. Yes No

BAA

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include 'unusual grants'.)						
2 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf						
3 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support. Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

14 Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2008 Schedule A, Part II, line 14	15	%

16a **33-1/3 support test— 2009.** If the organization did not check the box on line 13, and the line 14 is 33-1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization.

b **33-1/3 support test— 2008.** If the organization did not check a box on line 13, or 16a, and line 15 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization.

17a **10%-facts-and-circumstances test— 2009** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test— 2008.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization.

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal yr beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include 'unusual grants'.)	2,733.	1,901.	110,761.	146,549.	212,628.	474,572.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in a activity that is related to the organization's tax-exempt purpose	350.	1,800.		54,409.	10,450.	67,009.
3 Gross receipts from activities that are not an unrelated trade or business under section 513						0.
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0.
5 The value of services or facilities furnished by a governmental unit to the organization without charge						0.
6 Total. Add lines 1 through 5	3,083.	3,701.	110,761.	200,958.	223,078.	541,581.
7a Amounts included on lines 1, 2, 3 received from disqualified persons	1,633.	0.	0.	0.	0.	1,633.
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the amount on line 13 for the year	0.	0.	0.	0.	0.	0.
c Add lines 7a and 7b	1,633.	0.	0.	0.	0.	1,633.
8 Public support (Subtract line 7c from line 6)						539,948.

Section B. Total Support

Calendar year (or fiscal yr beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6	3,083.	3,701.	110,761.	200,958.	223,078.	541,581.
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources				959.	322.	1,281.
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						0.
c Add lines 10a and 10b	0.	0.	0.	959.	322.	1,281.
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						0.
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						0.
13 Total support. (add lns 9, 10c, 11, and 12)						542,862.

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

15 Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f))	15	99.5 %
16 Public support percentage from 2008 Schedule A, Part III, line 15	16	96.9 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f))	17	0.2 %
18 Investment income percentage from 2008 Schedule A, Part III, line 17	18	0.3 %

19a 33-1/3 support tests - 2009. If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

b 33-1/3 support tests - 2008. If the organization did not check a box on line 14 or 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Statement 1
Form 990-EZ, Part I, Line 16
Other Expenses

Advertising and Promotion	\$	39,222.
Bank Charges		473.
Conferences, Conventions, and Meetings		640.
Depreciation		1,052.
Dues & Subscriptions		1,196.
Gift Expense		86.
Information Technology		6,246.
Insurance		6,012.
Office Expenses		5,750.
Telephone		7,119.
Travel		15,138.
Total	\$	<u>82,934.</u>

Statement 2
Form 990-EZ, Part II, Line 24
Other Assets

	<u>Beginning</u>	<u>Ending</u>
Accounts Receivable	\$ 0.	\$ 725.
Furniture and Fixtures	2,631.	1,579.
Machinery and Equipment	3,315.	3,315.
Total	<u>\$ 5,946.</u>	<u>\$ 5,619.</u>

Statement 3
Form 990-EZ, Part II, Line 26
Total Liabilities

	<u>Beginning</u>	<u>Ending</u>
Accounts Payable and Accrued Expenses	\$ 19,037.	\$ 12,781.
Total	<u>\$ 19,037.</u>	<u>\$ 12,781.</u>

Statement 4
Form 990-EZ, Part III
Organization's Primary Exempt Purpose

Founded in 2003, AIFD is the most prominent American Muslim organization confronting the ideologies of political Islam and the belief that the Muslim faith is inextricably rooted to the concept of the Islamic State. AIFD seeks to build the future of Islam through liberty and freedom. AIFD's mission is to advocate for the preservation of the founding principles of our U.S. Constitution, liberty and freedom, through the separation of mosque and state.

AIFD's mission is derived from our love of America and our devotion to Islam. Dr. Jasser and the board of AIFD believe that Muslims can better practice Islam in a free environment that protects the rights of all individuals to practice their faith or reject faith as they choose. AIFD's work is accomplished through:

1) Creation and dissemination of scholarly work in addition to white papers and editorial pieces that expose the ideologies and agenda of Islamism (a political

Statement 4 (continued)
Form 990-EZ, Part III
Organization's Primary Exempt Purpose

and militant movement). Our work seeks to demonstrate the value that Americanism brings to the practice of Islam.

2) Engagement of media, government, NGOs, and universities. Through public speaking, documentaries and debates, AIFD uses these venues to advance our mission.

3) Demonstration of a Muslim-led organization that is looking to solve the problems of Islamist radicalization by creating programs/initiatives such as the Muslim Liberty Project. This project advocates for the ideas of universal freedom and liberty through the separation of mosque and state to Muslims (young and adults).

4) Serving as a subject matter expert and an advisor on Islamic affairs nationally and internationally so that leaders can develop positions and policies to promote genuine Muslim reform and protect against the influence of political Islam.

Statement 5
Form 990-EZ, Part III, Line 28
Statement of Program Service Accomplishments

In 2009, AIFD was able to establish additional relationships in the academic sector, thereby increasing its reach to young adults. Additionally, AIFD garnered funding that afforded the organization to build capacity to begin the planning and development of two initiatives, the Muslim Liberty Project and its social media needs. Through AIFD's public outreach, AIFD reached 45,788,000 individuals (July through December) with its public outreach efforts and gained a more recognized presence nationally.

Statement 6
Form 990-EZ, Part V
Regarding Transfers Associated with Personal Benefit Contracts

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? No

Form 990-EZ, Line 17

AIFD's goal for 2009 was to ramp up its effort to build its organizational capacity in order to fulfill its mission. As a philosophy, AIFD outsources its personnel needs to independent contractors -- as consultants are less dependent on a single source of income than hired staff -- thereby creating stability in AIFD's workforce and in many instances bring additional in-kind resources.

Conditions and expenses that attributed to the \$45,144 loss include:

- 1) Mission Impact - AIFD hired a third-party consulting firm to study the impact of AIFD's mission and provide AIFD management with recommendations. Focus groups were held to study the impact of AIFD's mission statement and work.
- 2) Fundraising - Though the organization had an increase in its donations, our regular donors donated less. However, this was overcome by newly established donations. Also, AIFD purchased fundraising software so that donor information and donations can be tracked more accurately and efficiently.
- 3) Operational Expense - In addition to an increase in expenses because of items #1 and #2 above, an increase in expenses also occurred in other areas of operations as a result of public demand for AIFD's activities and programs. To save costs, AIFD initiated conference calling for conducting meetings thereby saving on travel expenses and making more efficient use of participants' time.