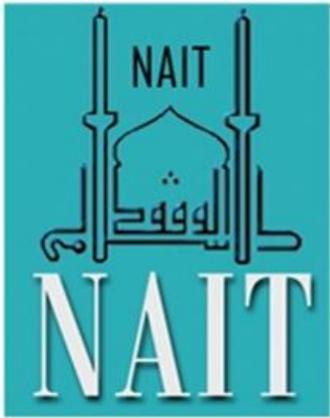


# THE NAIT TIMES



## INSIDE THIS ISSUE

<i>Islamophobia and NAIT</i>	1-2
<i>Invest With Confidence: NAIT's Answer to Center's Needs</i>	3
<i>Tax Exempt: Worthy of Protecting?</i>	3-4

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## Islamophobia and NAIT

*Assalaamu Alaykum dear brothers and sisters*

As many of you know, in the wake of 9/11, the Bush administration began a systematic targeting of American Muslim organizations and especially charities. The government closed charities, deported thousands and arrested many others, often with little or no due process. Specifically, the government filed a case against one such charity called Holy Land Foundation (HLF) back in 2004, for allegedly providing material support to a terrorist organization, namely Hamas. As part of that case, the government listed nearly 250 Muslims and Muslim organizations as “unindicted co-conspirators.” Along with ISNA and CAIR, NAIT was listed as an “unindicted co-conspirator.” The purpose of that designation was NOT because NAIT or any of these organizations committed a crime or were criminally responsible. Rather, it was a prosecutorial tactic to avoid the evidentiary rule known as HEARSAY.

What does hearsay mean? Generally speaking, a defendant at trial cannot testify about what another person said about a particular issue outside of court. This is known as hearsay. For example, person A, who is testifying, cannot repeat what he heard person B says at a private meeting. But there are several exceptions to this rule. Once such exception exists if the person or entity is a co-conspirator, involved in the criminal conspiracy, then its statements can be used in court. So, if person B is a co-conspirator (in furtherance of the criminal conspiracy) then his statements can be repeated by person A, who is testifying in court. Federal prosecutors have wide discretion to name anyone as an unindicted co-conspirator. But the US Federal Prosecutors Manual discourages this use without justification.

In this case, although listed as an “unindicted co-conspirator”, NAIT was never charged with any crime or indicted by the HLF Prosecutor or any government authority. In fact, the United States Attorney who brought the terrorism case against the HLF, specifically told NAIT’s lawyers on June 27, 2007 that **including NAIT on the list of unindicted co-conspirators was never meant to imply that NAIT was part of a criminal conspiracy or that it acted with criminal intent.** Moreover, after NAIT filed a motion in the case to have its name removed from the list of unindicted co-conspirators, the District Court in the Northern District of Texas, Judge Jorge Solis, held that **the government violated NAIT’s Constitutional rights by including its name on the list of “unindicted co-conspirators” without any legitimate governmental reason.** However, the decision by Judge Solis declaring that the government violated NAIT’s Constitutional 5<sup>th</sup> Amendment right, was sealed by the Court without public access and without any explanation, thereby prohibiting NAIT and others to disseminate this information to the public.

NAIT appealed the sealing of Judge Solis’ decision and again won. The Fifth Circuit Court of Appeals held that Judge Solis should not have sealed his decision

**NAIT VISION**

A righteous and thriving American Muslim community with sound and expanding human, economic, financial, intellectual, and Waqf resources and institutions.

**NAIT SERVICES**

**Islamic Centers Division Waqf**  
Safeguarding Mosques & Islamic Schools

**Islamic Centers Cooperative Fund (ICCF)**  
Pooling Muslim Funds For Mutual Benefits

**Iman Fund**  
Shariah Compliant Fund

**American Trust Publications**  
Publisher of Credible Islamic Title

that the government had violated NAIT’s constitutional rights. The Court of Appeals honored the right of the US Attorney to name anyone, including NAIT, as unindicted co-conspirators, but declared that **any statements made in passing by the District Court regarding NAIT’s connection to the HLF were irrelevant to the entire case and had no basis.** It further ruled that the District Court never “made a judicial determination that evaluated NAIT’s connection to the case.” In other words, the Fifth Circuit Court of Appeals essentially said that the HLF case did not demonstrate that NAIT had any connection to the case. Indeed, the Fifth Circuit went further and reminded everyone that the “Government never labeled NAIT a criminal co-conspirator.” So, no US Court, or government agency has ever ruled that NAIT was criminally or unlawfully involved with the HLF defendants. **Indeed, no US Court or US government agency has ever accused, or charged NAIT for any crimes, wrongdoing, or any unlawful activities.**

Despite these facts and this reality, Islamophobic organizations, right-wing websites, and pundits, along with a handful of attention-seeking public officials continue to tarnish and malign NAIT by false attribution and fear mongering. In effect, these bigots and fear mongers seek to undermine the American Muslim community by unfairly targeting Muslim institutions such as NAIT and other Americans for merely being Muslim. But NAIT will not be deterred and will continue to forge ahead and serve the Muslim community as trustee for mosques, Islamic centers, and schools.

It has never been easy for people of faith. The world challenges believers constantly. People of faith often face financial, political, and social challenges to their religious beliefs and way of life. But fortunately, God has endowed us with *wahy* (revelation) and *aql* (reason) to fulfill His Will and to promote peace within our selves and justice in society. Through the shield of revelation and the sword of reason, human beings can transcend the whisperings of the devil, the temptations of the self (nafs), and the nefarious acts of people.

History is replete with examples of people overcoming tremendous odds to victory. The most famous historical example is Prophet Dawood (David) and the Israelites defeating the powerful army of Jalut (Goliath) and the philistines. Indeed, the Quran reminds us of this example, "How many a small company has overcome a large company by permission of Allah . And Allah is with the patient." (2:249).

Closer to home, American society overcame the pernicious legacy of slavery and Jim Crow with the passage of Civil Rights legislation, according equal treatment to African-Americans. While much work remains to be done, particularly with the current killings of un-armed African-American young men by some members of law enforcement, patient resolve and determination for justice, led to legal and political emancipation. For American Muslims, history can serve as an important guide for our own struggle against prejudice and bigotry. Once again, America is facing the challenges of welcoming & integrating those that are religiously and culturally different from the majority population of Americans. Our communities, masjid, and young people are under tremendous stress. Our Muslim organizations are routinely maligned for challenging the political status quo, and for standing for justice and the underdog.

After 9/11, pillar organizations such as ISNA, NAIT, CAIR, and others came under government scrutiny, not because of any unlawful activities, but mostly for political reasons that were driven by overzealous bureaucrats in the so-called “war on terror”, or unwise foreign policy motivations. Despite these challenges, Muslim organizations have persevered because of the common good they promote. For over 30 years, NAIT has provided the Muslim community with protection of their masjid and Islamic centers and schools. It has arbitrated and mediated inter-community disputes. It provides financial products consistent with Islamic values of finance. NAIT will continue to provide positive and essential services to Muslim communities and to American society, inshallah.

NAIT truly appreciates your confidence and support in its efforts to build and enhance the Muslim community in the United States.

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## Invest With Confidence: NAIT's Answer to Center's Needs

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Many of today's Muslim organizations have excess funds set aside for a capital project or just sitting in the bank not earning any money. Many justify having at the bank since no interest is taken. The problem is that you would be empowering the Bank to lend more due to the bank possession of those funds.

Best approach is to invest the excess funds in a Sharia compliant investment. The options are limited and very restrictive. You can invest in Sharia compliant mutual funds but you will risk the money if the market is to experience a correction (Decline). NAIT, in an attempt to lessen the potential impact of a correction, created an investment vehicle (the Islamic Centers Cooperatives Fund" ICCF "is Sharia complaint and mitigated the risk of any correction by creating a "Profit Protection Reserve" (PPR) to minimize the potential of passing on the losses to the centers. In profitable years, NAIT will pass on a portion of the profit to the centers while retaining some for the "PPR".

ICCF has paid over \$30 million to its participants since inception in 1980, averaging an annual yield of 5.8 since inception. \$300,000 invested 5 years ago would be \$394,687 today. Why give up \$94,687, while helping NAIT.

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## Tax Exempt: Worthy of Protecting?

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Most Islamic Centers and organizations, if they were not exempted from filing annual form 990 must do so on timely basis or risk substantial penalties or loss of tax exempt status. Adapted from IRS Web Site and information below is not as a substitute for professional tax advice.

### Type of 990 returns:

- 1- **Form 990-N (e-Postcard):** Most small tax-exempt organizations whose annual [gross receipts](#) are [normally \\$50,000 or less](#) are required to electronically submit Form 990-N, also known as the *e-Postcard*, unless they choose to file a complete Form 990 or Form 990-EZ instead.  
If you do not file your *e-Postcard* on time, the IRS will send you a reminder notice. There is no penalty assessment for late filing the *e-Postcard*, but an organization that fails to file required *e-Postcards*
- 2- **Forms 990 or 990-EZ)** for three consecutive years will [automatically lose its tax- exemption](#). The revocation of the organization's tax-exempt status will not take place until the filing due date of the third year.

**Due Date of the e-Postcard:** The *e-Postcard* is due every year by the 15th day of the 5th month after the close of your [tax year](#). For example, if your tax year ended on December 31, the *e-Postcard* is due May 15 of the following year. If the due date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. You cannot file the *e-Postcard* until after your tax year ends.

### Information You Will Need to File the e-Postcard

The *e-Postcard* is easy to complete. All you need is [eight items of basic information](#) about your organization.

### Who Must File

Most small tax-exempt organizations with gross receipts that are normally \$50,000 or less must file the *e-Postcard*. Exceptions to this requirement include:

- Organizations those are included in a return, part of a larger organization.
- [Churches](#), their integrated auxiliaries, and conventions or associations of churches, and
- [Organizations required to file a different return](#)

### Annual exempt organization return: Penalties for failure to file

If an organization fails to file a required return by the due date (including any extensions of time), it must pay a penalty of \$20 a day for each day the return is late. The same penalty applies if the organization does not give all the information required on the return or does not give the correct information.

In general, the maximum penalty for any return is the lesser of \$10,000 or 5 percent of the organization's gross receipts for the year. For an organization that has gross receipts of over \$1 million for the year, the penalty is \$100 a day up to a maximum of \$50,000.

If the organization is subject to this penalty, the IRS may specify a date by which the return of correct information must be filed. *If the return is not filed by that date, an individual within the organization who fails to comply may be charged a penalty of \$10 a day. The maximum penalty on all individuals for failures with respect to a return shall not exceed \$5,000.*

Please note: Automatic revocation occurs when an exempt organization that is required to file an annual return (e.g., Form 990, 990-EZ or 990-PF) or submit an annual electronic notice (Form 990-N, or e-Postcard) does not do so for three consecutive years. **Under the law, the organization automatically loses its federal tax exemption.**

Penalties for failure to file may be [abated](#) if the organization has reasonable cause for the failure to file timely, completely, or accurately. A well written letter with supporting documents may get the penalties rescinded.

### Requesting Exemption from Requirement to File Form 990 or Form 990-EZ

Your organization may request a determination that it is not required to file an annual exempt organization return when it applies for exemption by providing the information requested by the application form ([Form 1023](#) or [1024](#)).

If you believe your organization should be exempted from filing Form 990 or Form 990-EZ because it is affiliated with one or more churches, please review [Treasury Regulations section 1.6033-2\(g\) and \(h\)](#) and [Revenue Procedure 96-10](#).

If you believe your organization should be exempted from filing Form 990 or Form 990-EZ because it is affiliated with a governmental unit, please review [Revenue Procedure 95-48](#).

If you do not request this determination when you initially apply for tax-exempt status, or a change is made after tax-exempt status is granted, you may request a ruling or determination letter on your filing requirement. To do this, complete Form 8940, *Request for Miscellaneous Determination*, and pay the required user fee payment.

Do you have a need for legal help with your tax exempt status or need advice on gaining exemption from property taxes? Call NAIT for advice. Its free service to our affiliated centers.

Looking for Sharia compliant Investments: Look into Iman fund (Imanx) which can be purchased through Fidelity, Charles Schwab, Td Waterhouse, and Scot Trade. Go to Iman fund web site ([investaaa.com](http://investaaa.com))



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