

**Meadowvale Islamic Centre Inc.**

**Financial Statements**

**December 31, 2017**

# Meadowvale Islamic Centre Inc.

December 31, 2017

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## **Auditors' Report**

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To the Members  
Meadowvale Islamic Centre Inc.

We have audited the accompanying financial statements of Meadowvale Islamic Centre Inc., which comprise the balance sheet as at December 31, 2017, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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 auditors' 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

## **Auditors' Report**

### *Bases for Qualified Opinion*

1. In common with many not-for-profit organizations, the charity derives revenue from certain fundraising activities, the completeness of which is not readily susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Meadowvale Islamic Centre Inc. and we were not able to determine whether any adjustments might be necessary to the donations, excess of income over expenditures, assets, liabilities and net assets.
2. During the year, Meadowvale Islamic Centre Inc. used \$48,057 to meet operating expenses from restricted funds, which is not in accordance with restricted fund accounting.

### *Qualified Opinion*

In our opinion, except for the effects of the matters described in the Bases for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of Meadowvale Islamic Centre Inc. as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

### **Fareed Sheik & Co**

Chartered Professional Accountants

Mississauga

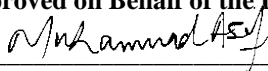
# Meadowvale Islamic Centre Inc.

## Balance Sheet

December 31, 2017

	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash and bank (Note 3)	\$ 1,004,293	\$ 667,637
Advances, deposits and prepayments	195,502	195,461
Taxes recoverable	13,624	41,180
<b>Total Current Assets</b>	<b>1,213,419</b>	<b>904,278</b>
<b>Non-current</b>		
Property, plant and equipment (Note 4)	1,490,666	1,490,666
Building work in progress	501,993	401,801
<b>Total Assets</b>	<b>\$ 3,206,078</b>	<b>\$ 2,796,745</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 4,808	\$ 4,576
<b>Net assets</b>		
Restricted funds (Note 5)	3,249,327	2,781,647
Unrestricted funds	(48,057)	10,522
<b>Total net assets</b>	<b>3,201,270</b>	<b>2,792,169</b>
<b>Total net assets and liabilities</b>	<b>\$ 3,206,078</b>	<b>\$ 2,796,745</b>

Approved on Behalf of the Board:



The accompanying notes are an integral part of these financial statements.

# Meadowvale Islamic Centre Inc.

## Statement of Operations

For the Year Ended December 31, 2017

	2017	2016
<b>Income</b>		
Community contributions - operations	\$ 163,370	\$ 161,747
Other revenue	11,714	31,746
<b>Gross income</b>	<b>175,084</b>	<b>193,493</b>
<b>Expenditures</b>		
Social and religious programs / activities	59,952	50,352
Interest and bank charges	6,775	7,004
General and office expenses	1,753	9,566
Insurance expense	3,327	1,710
Printing and publication	1,314	1,103
Professional fees	4,250	6,000
Rental	60,518	87,467
Property taxes	9,754	9,241
Repairs and maintenance	11,714	13,653
Sub-contracting expenses	56,028	46,830
Utilities	11,533	10,409
HST expense	6,745	7,220
<b>Total expenditure</b>	<b>233,663</b>	<b>250,555</b>
<b>Excess (deficit) of income over expenditure</b>	<b>\$ (58,579)</b>	<b>\$ (57,062)</b>

The accompanying notes are an integral part of these financial statements.

# Meadowvale Islamic Centre Inc.

## Statement of Changes in Net Assets

For the Year Ended December 31, 2017

<b>2017</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
Opening Net Assets	10,522	2,781,647	2,792,169
Contributions Restricted Fund	-	467,680	467,680
Surplus(Deficit) for the Year	(58,579)	-	(58,579)
<b>Closing Net Assets</b>	<b>(48,057)</b>	<b>3,249,327</b>	<b>3,201,270</b>

<b>2016</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
Opening Net Assets	67,584	2,397,948	2,465,532
Contributions Restricted Fund	-	383,699	383,699
Surplus (deficit) for the Year	(57,062)	-	(57,062)
<b>Closing Net Assets</b>	<b>10,522</b>	<b>2,781,647</b>	<b>2,792,169</b>

The accompanying notes are an integral part of these financial statements.

# Meadowvale Islamic Centre Inc.

## Statement of Cash Flows

For the Year Ended December 31, 2017

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess (deficit) of income over expenditure for the year	\$ (58,579)	\$ (57,062)
(Increase) decrease in other current assets	(41)	(194,805)
Increase (decrease) in accounts payable and accrued expenses	232	509
Increase (decrease) in taxes recoverable	27,556	(16,699)
<b>NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	<b>(30,832)</b>	<b>(268,057)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increase in building work in progress	(100,192)	(255,109)
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(100,192)</b>	<b>(255,109)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Building fund collections	467,680	383,699
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>467,680</b>	<b>383,699</b>
<b>OTHER ACTIVITIES:</b>		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>336,656</b>	<b>(139,467)</b>
Cash and cash equivalents at beginning of year	667,637	807,104
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,004,293</b>	<b>\$ 667,637</b>

The accompanying notes are an integral part of these financial statements.



# Meadowvale Islamic Centre Inc.

## Notes to the Financial Statements

For the Year Ended December 31, 2017

### 1. Legal status and nature of activities:

Meadowvale Islamic Centre Inc. (the organization) is a religious organization formed to provide the religious and spiritual services to the Muslim community in the Mississauga area. Its services include providing prayer services, religious education, Quran memorization etc. The organization is incorporated under the Corporations Act of Ontario as non-profit organization without share capital and is a registered charity under the Income Tax Act. As a non-profit entity, the Organization is exempt from income tax.

### 2. Significant Accounting Policies

#### a. Basis of preparation

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. The following policies have been adopted by the organization where alternatives are available under Canadian accounting standards for private enterprises:

#### b. Revenue recognition

The organization follows the deferral method of accounting for revenue. Restricted revenue is recognised as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognised as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### c. Management use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for Not-for-Profit Organizations requires, management to make estimates and assumptions 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 and may have impact on future periods.

#### d. Property, plant and equipment

Since the organization is not-for-profit organization and a registered charity, the management is of the opinion to not depreciate the capital assets. Hence the Property, plant and equipment reported in the financial statements are valued at cost.

#### e. Financial instruments

The carrying values of financial assets and liabilities approximate their fair values. The fair value of assets and liabilities included in the balance sheet are not considered to be materially different from their carrying value.

Financial instruments are recognised in the balance sheet when the organisation has become party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or net assets in accordance with the substance of the contractual arrangement.

Financial instruments are offset when the organization has legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

# Meadowvale Islamic Centre Inc.

## Notes to the Financial Statements

For the Year Ended December 31, 2017

### 2. Significant Accounting Policies (cont'd)

#### f. Donated services

The operations of the organization are dependent on the voluntary services of many individuals. Since these services are not normally purchased by the organization and because of the difficulty in determining their fair value, donated services are not reflected in these financial statements.

#### g. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances.

### 3. Cash and bank

Cash and bank include the following:

	2017	2016
Cash in hand	\$ 5,544	\$ 5,544
Operating fund account	26,136	63,073
Building fund account	972,613	599,020
<b>Total</b>	<b>\$ 1,004,293</b>	<b>\$ 667,637</b>

### 4. Property, plant and equipment

Property, plant and equipment consist of the following:

		2017	2016
	Cost	Net Book Value	Net Book Value
Land	\$ 820,000	\$ 820,000	\$ 820,000
Buildings and improvements	668,953	668,953	668,953
Furniture and fixtures	1,713	1,713	1,713
<b>Total</b>	<b>\$ 1,490,666</b>	<b>\$ 1,490,666</b>	<b>\$ 1,490,666</b>

# Meadowvale Islamic Centre Inc.

## Notes to the Financial Statements

For the Year Ended December 31, 2017

### 5. Restricted funds

Restricted funds include:

	2017	2016
Building fund	\$ 3,212,373	\$ 2,755,855
Zakat fund	21,608	11,203
Fitra fund	8,574	7,817
Syrian refugee fund	6,772	6,772
<b>Total</b>	<b>\$ 3,249,327</b>	<b>\$ 2,781,647</b>

### 6. Commitments

The organization's total obligations, under various operating leases for occupied premises, exclusive of realty taxes and other occupancy charges, are as follows:

2018	\$ 52,404
2019	35,304
<b>Total</b>	<b>\$ 87,708</b>

The organization also has committed donations to other charitable organizations and have issued post dated cheques for an aggregate amount of \$ 17,100.

### 7. Financial Instruments

The organization's financial assets and liabilities consists of cash and accounts payable.

#### Risks and concentrations

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the company's risk exposure as at the date of balance sheet.

#### a. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization considers that it has sufficient liquidity to ensure that funds are available to meet its current and long-term financial needs at a reasonable cost.

#### b. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is not exposed to significant levels of credit risk.

# Meadowvale Islamic Centre Inc.

## Notes to the Financial Statements

For the Year Ended December 31, 2017

### 7. Financial Instruments (cont'd)

#### Risks and concentrations (cont'd)

##### c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is not exposed to significant levels of currency risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is not exposed to significant levels of interest rate risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed to significant levels of other price risk.

##### d. Fair Value

The fair value of a financial instrument corresponds to the amount of the consideration agreed upon by two willing parties in a non-arm's length transaction. The organization uses the following method and assumptions to estimate the fair value of each category of financial instruments, the carrying amount of which are included in the balance sheet as follows:

Accounts payable and accrued liabilities, advances and accounts receivable - The carrying amount included in the balance sheet approximates fair value, given the short-term maturity of these instruments.

### 8. Subsequent events

There are no events subsequent to the year end, which would have a material impact on financial statements or would require adjustment or disclosure in financial statements.

### 9. Comparative Figures

Certain figures in comparatives have been reclassified to make their presentation identical to that adopted in the current year.