

Meadowvale Islamic Centre Inc.

Financial Statements

As at December 31, 2018



Meadowvale Islamic Centre Inc.

December 31, 2018

CONTENTS

	<u>Page</u>
Financial Statements	
Auditors' Report	1
Balance Sheet	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7





INDEPENDENT AUDITOR'S REPORT

To the Members of **Meadowvale Islamic Centre Inc.**

Qualified Opinion:

We have audited the accompanying financial statements of Meadowvale Islamic Centre Inc. (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Meadowvale Islamic Centre Inc. as at December 31, 2018, and the result of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for non-for-profit organizations.

Basis of Qualified Opinion:

In common with many charitable organizations, Meadowvale Islamic Centre Inc. derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Meadowvale Islamic Centre Inc. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenues over expenses, cash flow from operations for the year ended December 31, 2018, current assets as at December 31, 2018, and net assets as at December 31, 2018. Our audit opinion on the financial statements for the ended December 31, 2018 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 independent of the Meadowvale Islamic Centre Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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 of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and



are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedure responsive to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our pinion. 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.
- 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 Meadowvale Islamic Centre Inc.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Meadowvale Islamic Centre Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Meadowvale Islamic Centre Inc. to cease to continue as a going concern,
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may identify during our audit.

Fareed Sheik & Co

Fareed Sheik & Co

Per: Fareed Sheik CPA, CA, LPA

Chartered Professional Accountants

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Mississauga
June 18, 2019



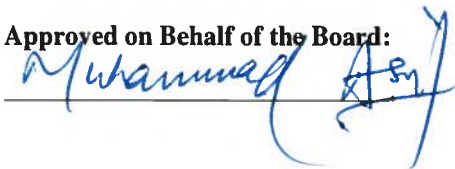
Meadowvale Islamic Centre Inc.

Statement of Financial Position

As at December 31, 2018

	2018	2017
Assets		
Current Assets		
Cash and bank (Note 3)	\$ 1,135,408	\$ 1,004,293
Advances, deposits and prepayments	415,016	195,502
Taxes recoverable	24,526	13,624
Total Current Assets	1,574,950	1,213,419
Non-current Assets		
Property, plant and equipment (Note 4)	1,490,666	1,490,666
Building work in progress	705,898	501,993
Total Assets	\$ 3,771,514	\$ 3,206,078
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,955	\$ 4,808
Net Assets		
Restricted funds (Note 5)	3,811,668	3,249,327
Unrestricted operating funds	(44,109)	(48,057)
Total Net Assets	3,767,559	3,201,270
Total Liabilities and Net Assets	\$ 3,771,514	\$ 3,206,078

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, 2018

	2018	2017
Revenue		
Community contributions - operations	\$ 189,253	\$ 163,370
Other revenue	-	11,714
Total Revenue	189,253	175,084
Operating Expenses		
Social and religious programs / activities	34,477	59,952
Interest and bank charges	1,234	6,775
General and office expenses	3,706	1,753
Insurance expense	1,966	3,327
Printing and publication	2,002	1,314
Professional fees	1,770	4,250
Rental	68,281	60,518
Property taxes	-	9,754
Repairs and maintenance	7,179	11,714
Sub-contracting expenses	54,204	56,028
Utilities	10,486	11,533
HST expense	-	6,745
Total Expenses	185,305	233,663
Excess / (deficit) of revenue over expenditure	\$ 3,948	\$ (58,579)

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, 2018

2018	Unrestricted Operating Funds	Restricted Funds	Total
Net Assets – Beginning of year	(48,057)	3,249,327	3,201,270
Contributions Restricted Fund	-	562,341	562,341
Surplus (Deficit) for the Year	3,948	-	3,948
Net Assets – End of year	(44,109)	3,811,668	3,767,559

2017	Unrestricted Operating Funds	Restricted Funds	Total
Net Assets – Beginning of year	10,522	2,781,647	2,792,169
Contributions Restricted Fund	-	467,680	467,680
Surplus (deficit) for the Year	(58,579)	-	(58,579)
Net Assets – End of year	(48,057)	3,249,327	3,201,270

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, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficit) of income over expenditure for the year	\$ 3,948	\$ (58,579)
(Increase) decrease in other current assets	(219,514)	(41)
Increase (decrease) in accounts payable and accrued expenses	(853)	232
Increase (decrease) in taxes recoverable	(10,902)	27,556
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(227,321)	(30,832)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in building work in progress	(203,905)	(100,192)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(203,905)	(100,192)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Building fund collections	562,341	467,680
NET CASH FROM (USED IN) FINANCING ACTIVITIES	562,341	467,680
Net increase (decrease) in cash and cash equivalents	131,115	336,656
Cash and cash equivalents at beginning of year	1,004,293	667,637
Cash and cash equivalents at end of year	\$ 1,135,408	\$ 1,004,293

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, 2018

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 recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized 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 recognized in the balance sheet when the organization 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 realize the asset and settle the liability simultaneously.



Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2018

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:

	2018	2017
Cash in hand	\$ 5,544	\$ 5,544
Operating fund account	51,861	26,136
Building fund account	1,078,003	972,613
Total	\$ 1,135,408	\$ 1,004,293

4. Property, plant and equipment

Property, plant and equipment consist of the following:

	Cost	2018	2017
		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
Total	\$ 1,490,666	\$ 1,490,666	\$ 1,490,666



Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2018

5. Restricted funds

Restricted funds include:

	2018	2017
Building fund	\$ 3,789,597	\$ 3,212,373
Zakat fund	22,071	21,608
Fitra fund	-	8,574
Syrian refugee fund	-	6,772
Total	\$ 3,811,668	\$ 3,249,327

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:

2019	23,542
Total	\$ 23,542

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 organization'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, 2018

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.

