



Financial Statements of

Meadowvale Islamic Centre Inc.

(A Corporation without Share Capital)

(Unaudited – see Review Engagement Report)

April 30, 2008

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Meadowvale Islamic Centre Inc.

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(Unaudited – see Review Engagement Report)

April 30, 2008

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REVIEW ENGAGEMENT REPORT

**TO THE BOARD OF DIRECTORS OF
MEADOWVALE ISLAMIC CENTRE INC.**

I have reviewed the statement of financial position of Meadowvale Islamic Centre Inc. for the year ended April 30, 2008 and statements of operations, cash flows and changes in net assets for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to me by the management.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects with the exception of revenue recognition as explained in note 1(a) to the financial statements, in accordance with Canadian generally accepted accounting principles.

Prior year's figures are not reviewed and were compiled by an internal accountant of the charity.

Toronto, Canada
November 28, 2008

Ehsan C.A. Professional Corporation
Authorized to Practice Public Accounting by the Institute of
Chartered Accountants of Ontario



Meadowvale Islamic Centre Inc.
 Statement of Financial Position
 (Unaudited - see Review Engagement Report)

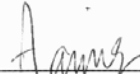
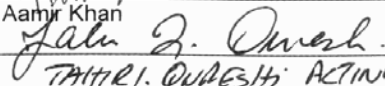

As at April 30, 2008 with comparative figures for prior year

| | 2008 | 2007 |
|--|-------------------|-------------------|
| Assets: | | |
| Current: | | |
| Cash | \$ 79,668 | \$ 59,067 |
| Deposit in trust | 1,100 | - |
| | 80,768 | 59,067 |
| Property, Plant and Equipment - note 1(b), 2 and 10 | 477,252 | 483,344 |
| | \$ 558,020 | \$ 542,411 |
| Liabilities and Net Assets: | | |
| Current: | | |
| Accounts payable and accrued liabilities | \$ 7,277 | \$ - |
| Loans payable - note 3 | 73,507 | - |
| Bank loan payable - note 4 and 9 | 300,000 | 311,980 |
| | 380,784 | 311,980 |
| Net Assets: note 10 | | |
| Net assets invested in property, plant and equipment | 477,252 | 483,344 |
| Unrestricted net assets | (300,016) | (252,913) |
| | 177,236 | 230,431 |
| | \$ 558,020 | \$ 542,411 |

See accompanying notes to the financial statements

Approved by:

Board Members:


 Aamir Khan

 TAHIRA QURESHI, ACTING TRUSTEE

 ASAD DEAN

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Meadowvale Islamic Centre Inc.
Statement of Operations
(Unaudited - see Review Engagement Report)

For the year ended April 30, 2008 with comparative figures for prior year

| | 2008 | 2007 |
|--|-------------|------------|
| Revenue | | |
| Donations - note 1(a) | \$ 58,921 | \$ 132,017 |
| Expenses: | | |
| Sub-contracting and consulting fees | 40,691 | 4,380 |
| Interest on mortgage payable | 19,107 | 15,982 |
| Amortization on property, plant and equipment - note 10 | 12,754 | 13,056 |
| Professional fees | 8,300 | 29,615 |
| Repairs and maintenance | 7,378 | 25,098 |
| Auto and travel | 5,477 | - |
| Realty taxes | 4,071 | - |
| Utilities | 3,505 | - |
| Printing and stationery | 3,130 | - |
| Telephone and communications | 2,107 | - |
| Rental for halls and facilities | 1,600 | 2,782 |
| Office and general | 1,088 | - |
| Bank service charges | 944 | - |
| Conferences and seminars | 625 | - |
| Social, religious and program activities | 624 | 19,586 |
| Advertising and promotion | 275 | - |
| Insurance | 240 | - |
| Books and publications | 200 | 4,292 |
| | 112,116 | 114,791 |
| Excess of (expenses) over Revenue, revenue over Expenses | \$ (53,195) | \$ 17,226 |

See accompanying notes to the financial statements



Meadowvale Islamic Centre Inc.
Statement of Changes in Net Assets
(Unaudited - see Review Engagement Report)

As at April 30, 2008 with comparative figures for prior year

| | Invested in Capital Assets | Unrestricted | 2008 | 2007 |
|---|----------------------------------|---------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 483,344 | \$ (252,913) | \$ 230,431 | \$ 213,205 |
| Excess of (expenses) over revenue, revenue over expenses | (12,754) | (40,441) | (53,195) | 17,226 |
| Investment in capital assets | 6,662 | (6,662) | - | - |
| | <u>\$ 477,252</u> | <u>\$ (300,016)</u> | <u>\$ 177,236</u> | <u>\$ 230,431</u> |

See accompanying notes to the financial statements



Meadowvale Islamic Centre Inc.
Statement of Cash Flows
(Unaudited - see Review Engagement Report)

For the year ended April 30, 2008 with comparative figures for prior year

| | 2008 | 2,007 |
|--|------------------|------------------|
| Cash Provided by (Used in): | | |
| Operating Activities: | | |
| Excess of (expenses) over Revenue, revenue over Expenses | \$ (53,195) | \$ 17,226 |
| Add: Item not effecting cash: | | |
| Amortization of property, plant and equipment | 12,754 | 13,056 |
| | (40,441) | 30,282 |
| Increase (decrease) in working capital: | | |
| Deposit in trust | (1,100) | - |
| Accounts payable and accrued liabilities | 7,277 | - |
| | (34,264) | 30,282 |
| Financing Activities: | | |
| Loans payable | 73,507 | - |
| Bank loan payable | (11,980) | (8,380) |
| | 61,527 | (8,380) |
| Investing Activities: | | |
| Purchase of property, plant and equipment | (6,662) | - |
| Prior period adjustment - note 10 | - | 26,656 |
| Decrease in cash | 20,601 | 21,902 |
| Cash, beginning of year | 59,067 | 37,165 |
| Cash, end of year | \$ 79,668 | \$ 59,067 |
| Other Information: | | |
| Interest paid | \$ 19,107 | \$ 15,982 |

See accompanying notes to the financial statements

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Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

(Unaudited – see Review Engagement Report)

April 30, 2008

Nature of the Organization:

The Meadowvale Islamic Centre Inc. was incorporated on April 15, 2004 as a non-profit and charitable organization without a share capital. Its vision, objectives and strategies are to establish an Islamic presence in Canada that is balanced, constructive and integrated, though distinct, within the social fabric and culture of Canada.

Its primary objectives are to advance and teach the religious tenets, doctrines, observances and culture associated with Sunni Muslim Faith by establishing, maintaining a house of worship, supporting missions propagating the faith and establishing and maintaining a religious school of instruction for children, youths and adults.

1. Summary of Significant Accounting Policies:

The following is a summary of the significant accounting policies followed by the entity:

(a) **Revenue Recognition:**

The company follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably determined and collection is reasonably assured. Investment income is recognized as revenue when earned.

Donations, bequests, pledges and other revenue from special events are recorded on a cash basis. No accruals are made for monies pledged but not yet received. Volunteer services are not recorded. Donated materials and services are recorded at fair value at the time of receipt.

(b) **Property, Plant and Equipment:**

Property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Amortization of property, plant and equipment is computed to amortize the cost of the assets over their estimated useful lives using the following annual rates and methods:

| | |
|------------------------|------------------------------|
| Buildings | 4% declining balance method |
| Furniture and fixtures | 20% declining balance method |

In the year of acquisition, property, plant and equipment purchases are amortized at one-half the annual rate.

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Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

(Unaudited – see Review Engagement Report)

April 30, 2008

2. Property, Plant and Equipment:

| | Cost | Accumulated Amortization | Net Book Value 2008 | Net Book Value 2007 |
|------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Land | \$ 170,000 | \$ - | \$ 170,000 | \$ 170,000 |
| Building | 345,562 | 39,190 | 306,372 | 313,344 |
| Furniture and Fixtures | 1,100 | 220 | 880 | - |
| | <u>\$ 516,662</u> | <u>\$ 39,410</u> | <u>\$ 477,252</u> | <u>\$ 483,344</u> |

No amortization was provided on building in prior years by the company whereas effective this year the entity has adopted the policy to amortize its property, plant and equipments in accordance with the amortization policies described in note 1(b) above, also see note 10 for the prior period adjustment.

3. Loans Payable:

These amounts are advanced by the community members as loans and will be converted to donations in the year when the charity's status for tax purposes is re-instated. These loans are non-interest bearing, unsecured and with no specific terms of repayment.

4. Bank Loan Payable:

The charity has two loan facilities with Royal Bank of Canada (RBC) in the amount of \$300,000 and \$50,000 as non-revolving term facility and a revolving demand facility respectively. Both facilities bear interest at the rate of RBC's prime + .50% and are secured by a General Security Agreement and a first fixed charges registered against land and building improvements located at 6508 Winston Churchill Blvd, in Mississauga, Ontario. The company pays a bi-weekly blended payment of \$769.23. The non-revolving facility of \$300,000, open for prepayment without fee or premium, matures on April 21, 2009.

5. Financial Instruments:

The company's financial instruments consist of deposits in trust, accounts payable and accrued liabilities bank loan and loans payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks and that all financial instrument's carrying values approximate their fair value.



Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

(Unaudited – see Review Engagement Report)

April 30, 2008

6. Management Estimates:

The preparation of financial statements in conformity with Canadian general accepted accounting principles requires management to make estimates and assumptions that effect 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 expenditures during the period. These estimates reviewed periodically, and, as adjustments become necessary, are reported in earnings in the period in which they become known.

7. Charitable Status:

On May 26, 2007, the Charities Directorate in Ottawa revoked the entity's charitable status due to prior year's non-compliance of filing the annual financial statements and financial information return. The Charity has reapplied for the reinstatement of its Registration Status and has provided the Directorate with required documents and explanations and is now waiting for the reinstatement of its status.

8. Related Party Transactions:

During the year \$27,548 were paid to the charity's Board Members as reimbursement for out of pocket expenses paid by the members on behalf of charity. All of its board members act as volunteers and no compensation and/or remuneration are paid to them for the services rendered in favour of the charity.

9. Banking Financial Covenants:

Pursuant to the RBC banking loan agreement, dated April 08, 2008, the charity is required to maintain Debt Service Coverage ratio of not less than 1.25:1 at year-end. The charity was in breach of this covenant for its fiscal year ended April 30, 2008.

10. Prior Period Adjustment:

During the period the charity decided to amortize its building. Previously, the building was capitalized but no amortization had been calculated since its registration as a charity on May 09, 2005. The change in accounting policy was applied retroactively and the figures for 2007 have been restated. The balances of net assets invested in property, plant and equipment and unrestricted net assets have been adjusted by \$26,656 as at May 01, 2007 for the accumulated effect of amortization. Net surplus for April 30, 2007 was reduced by \$13,056 which represents amortization for that year and the net book value of property, plant and equipment as at April 30, 2007, has been reduced by \$26,656 representing the accumulated amortization at that date.

11. Comparative figures:

Certain of the 2007 figures may have been reclassified to conform to 2008 financial statements presentation.

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