Meadowvale Inslamic Centre Inc.

FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 December, 2013

Meadowvale Inslamic Centre Inc.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

I have audited the financial statements of Meadowvale Islamic Centre Inc. which comprise of the balance sheet at 31 December, 2013, the statement of operations and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements are the responsibility of the Meadowvale Islamic Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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 and I was not able to determine whether any adjustments might be necessary to the donations, excess of revenue over expenditures, assets, liabilities and net assets.

In my opinion, except for the effects of the adjustments, if any, which we might have determined to be necessary had I been able to satisfy myself concerning the completeness of revenue as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Meadowvale Islamic Centre Inc. as at 31 December, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Fareed Sheik Professional Corpn.

MISSISSAUGA, CANADA
May 28, 2014

Fareed Sheik CPA, CA, Professional Corporation
Authorized to practice public accounting by the
Institute of Chartered Accountants of Ontario

FAREED SHEIK, CPA,CA
PROFESSIONAL CORPN.

Meadowvale Inslamic Centre Inc.
Balance Sheet
As at 31 December, 2013

	31/12/2013	31/12/2012
Assets		
Current		
Cash & Bank (Note 3)	**$ 251,488**	$200,180
Advances, Deposits and Prepayments	**60,635**	588
Taxes Recoverable	**17,843**	10,261
	329,966	**211,029**
Non-Current		
Property,Plant and Equipment (Note 4)	**1,489,653**	1,486,263
	1,489,653	**1,486,263**
Total Assets	**$ 1,819,619**	**$1,697,292**
Liabilities		
Current		
Accounts Payable and Accrued Expenses	**3,842**	3,628
Trust Funds (Qarz-e-Hasna)		174,700
	3,842	**178,328**
Net Assets		
Unrestricted	**24,065**	32,701
Restricted	**1,791,712**	1,486,263
	1,815,777	**1,518,964**
Total Liabilities and Net Assets	**$1,819,619**	**$1,697,292**

See accompanying notes to financial statements

Approved By

MAY 28TH, 2014

Date

Meadowvale Inslamic Centre Inc.
Statement of Operations
For the year ending 31 December, 2013

	12/31/2013	12/31/2012
Income		
Community Contribution - Operation	**174,002**	159,149
Other Revenue		7,341
Gross Income	**174,002**	**166,490**
Expenditures		
Advertisement and Promotion	**1,638**	-
Social. Religious Programs/Activities	**44,814**	35,475
Interest and Bank Charges	**4,227**	4,843
General and Office Expenses	**8,006**	5,010
Insurance Charges	**947**	853
Printing and Publication	**3,303**	3,150
Professional Fees & Sub Contracts	**3,366**	3,000
Rent - Prayer Hall	**25,502**	19,120
Repair and Maintenance	**22,937**	25,894
Salaries & Subcontracting Expenses	**52,347**	53,261
Property Taxes	**9,663**	8,135
Telephone and Utilities	**5,771**	3,598
Travel Expenses	**1,935**	
Total Expenditure	**184,456**	**162,339**
Excess (Deficit) of Income over Expenditure	**(10,454)**	**4,151**

See accompanying notes to financial statements

Meadowvale Inslamic Centre Inc.
Statement of Changes in Net Assets
For the year ending 31 December, 2013

2013	Unrestricted	Restricted	Total
Opening Net Assets	32,701	1,486,263	1,518,964
Community Contributions - Building Fund		364,159	364,159
Surplus(Deficit) for the Year	(10,454)		(10,454)
Other Adjustment to Net Assets	1,818		1,818
Disbursements from retricted Funds		(58,710)	
Closing Net Assets	**$24,065**	**$1,791,712**	**$1,815,777**

2012	Unrestricted	Restricted	Total
Opening Net Assets	529,875	477,314	1,007,189
Community Contributions - Building Fund		507,624	507,624
Surplus for the Year	4,151		4,151
Tranfer from Unrestricted Funds	(501,325)	501,325	
Closing Net Assets	**$32,701**	**$1,486,263**	**$1,518,964**

See accompanying notes to financial statements

Meadowvale Inslamic Centre Inc.
Statement of Cash Flows
For the year ending 31 December, 2013

	12/31/2013	12/31/2012
Cashflow from Operating activities		
Net Income before tax	**$(10,454)**	$4,151
Add: Non Cash Items		
Amortization		
Other non-cash items	**1,818**	
Change in non-cash working capital items		
Accounts Receivable and advances	**(60,047)**	62,257
Accounts payable and accrued liabilities	**214**	(5,899)
Taxes Payable	**(7,582)**	
Net cash provided from operating activities	**(76,051)**	60,509
Investing Activities		
Acquisition of capital assets	**(3,390)**	1,008,949)
Investments and Deposits		
Net cash used from investing activities	**(3,390)**	1,008,949)
Financing Activities		
Trust Funds	**174,700)**	174,700
Building Fund Collections	**305,449**	507,624
Net cash used from financing activities	**130,749**	682,324
Increase/(Decrease) in cash	**51,308**	(266,116)
Cash and Cash equivalents at the beginning	**200,180**	466,296
Cash and Cash equivalents at the end	**$251,488**	$ 200,180

Cash and cash equivalents consist of cash on hand and the bank overdraft.

See accompanying notes to financial statements

Meadowvale Inslamic Centre Inc.
Notes to the financial statements
31/12/2013

1. **Legal status and nature of activities**:
Meadowvale Islamic Centre Inc. (centre) 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.
These financial statements are the prepared in accordance with Canadian accounting standards for not for profit organizations (NFPAS).

2.Significant Accounting Policies:

2.1 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.

2.2 Management Estimates:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Because the precise determination of many assets, liabilities, revenues and expenditures is dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. These financial have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting principles summarized below.

2.3 Donated Services:

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

2.4 Cash and Cash Equivalents:

Cash and cash equivalents consist of cash on hand, bank balances and investments in term deposits with maturities of three months or less.

2.5 Capital Assets:

Since the Centre is not for profit organization and a registered charity under the CRA, 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.

3. **Cash and Bank Balances:**

	2013	2012
Operating Accounts	**8,315**	19,211
Building Accounts	**243,173**	180,969
	251,488	200,180

4. **Property, Plant and Equipment:**

	Cost	Addition	Amortization For the year		Accumulated Amortization	Net book value	
		2013	2013	2012	2013	**2013**	2012
Land	820,000	-	-	-	-	**820,000**	820,000
Furniture & Fixture	700	-	-	-	-	**700**	700
Building & Improvement	665,563	3,390	-	-	-	**668,953**	665,563
	1,486,263	3,390	-	-	-	**1,489,653**	1,486,263

5. **Financial Instruments:**

Financial instruments are recognised in the balance sheet when the company has become a party to the contractual provisions of the instruments. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

The company's financial assets and liabilities consist of cash, accounts receivable, and accounts payable. It is management's opinion that the company' is not exposed to significant interest or credit risks arising from these financial assets and liabilities. The fair values of these financial assets and liabilities approximate their carrying values, except where otherwise noted.

Risks and concentrations

The company 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 31 December, 2013.

Liquidity risk

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

Credit risk

The carrying value of the company's main financial assets represents the maximum credit risk to which the company is exposed.

The company's credit risk is due to its accounts receivable. The balance sheet amounts are presented net of the allowance for doubtful accounts, which management estimates based on past experience and its assessment of current economic conditions. The company believes that its account receivable credit risk is limited because:

- It has a broad range of customers spread out in various industries;
- In the last three fiscal years, the company has not recognized an expense for doubtful accounts that was higher than its allowance.

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

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 company has no financial instruments which may be exposed to foreign exchange fluctuations.

Interest rate 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 company is exposed to interest rate risk on its floating interest rate financial instruments. Floating-rate instruments subject it to a cash flow risk.

Other price 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 company is not exposed any significant amount of other price risk

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 company 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 bank overdraft, shareholder's advances, accounts receivable and due from related parties - The carrying amount included in the balance sheet approximates fair value, given the short-term maturity of these instruments.

6. **Comparative amounts:**
Comparative amounts of 2012 are restated to make the presentation identical to that adopted for 2013.

7. **Subsequent Events**:
It is management's opinion that there are no significant events subsequent to the balance sheet date which would have a material impact on the financial statements or require adjustment or disclosure in the statements.