

Meadowvale Islamic Centre Inc.

Financial Statements

As at December 31, 2020

Meadowvale Islamic Centre Inc.

December 31, 2020

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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, 2020, 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, 2020, 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, 2020, current assets as at December 31, 2020, and net assets as at December 31, 2020. Our audit opinion on the financial statements for the ended December 31, 2020 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 opinion. 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

Per: Fareed Sheik CPA,CA, LPA

Licensed Public Accountant

Chartered Professional Accountants

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

Mississauga

May 03, 2021

Meadowvale Islamic Centre Inc.

Statement of Financial Position

As at December 31, 2020

	2020	2019
Assets		
Current Assets		
Cash and bank (Note 3)	1,238,782	1,407,018
Advances, deposits and prepayments	448,143	416,581
Taxes recoverable	61,433	15,124
Total Current Assets	1,748,358	1,838,723
Non-current Assets		
Property, plant and equipment (Note 4)	1,490,666	1,490,666
Building work in progress	1,843,841	1,158,978
Total Assets	5,082,865	4,488,367
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	9,965	3,955
Net Assets		
Zakat Fund	-	8,404
Restricted funds (Note 5)	5,084,675	4,510,970
Unrestricted operating funds	(11,776)	(34,962)
Total Net Assets	5,072,899	4,484,412
Total Liabilities and Net Assets	5,082,865	4,488,367

Approved on Behalf of the Board:



Muhammad Rashid Idrees
MIC-Treasurer

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

Meadowvale Islamic Centre Inc.

Statement of Operations

For the Year Ended December 31, 2020

	2020	2020	2019	2019
	General Fund	Building Fund	General Fund	Building Fund
Revenue				
Community contributions - operations	77,542	-	194,855	-
Building Fund Collections	-	637,039	-	742,339
Total Revenue	77,542	637,039	194,855	742,339
Operating Expenses				
Social and religious programs / activities	33,132	-	37,671	-
Interest and bank charges	1,208	9,922	1,859	7,080
General and office expenses	-	18,530	516	6,752
Insurance expense	2,185	-	2,257	-
Printing and publication	-	1,868	-	565
Professional fees	470	3,865	936	3,564
Rental	14,875	-	60,918	-
Property taxes	-	6,771	-	7,988
Security Expenses	2,691	-	2,980	3,056
Sub-contracting expenses	-	-	68,386	-
Utilities	-	923	1,463	-
Zakat Distribution	-	31,000	-	14,350
HST expense	317	-	-	-
Total Expenses	54,878	72,879	176,985	43,356
Net Income	22,664	564,160	17,870	698,983
Excess / (deficit) of revenue over expenditure	586,824		716,853	

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, 2020

2020	Unrestricted Operating Funds	Restricted Funds	Zakat Funds	Total
Net Assets - Beginning of year	(34,962)	4,510,970	8,404	4,484,412
Contribution restricted fund		637,039		637,039
Zakat Distribution		(22,596)	(8,404)	(31,000)
Expenses		(41,879)		(41,879)
Prior Period Adjustments	522	1,142		
surplus (Deficit) for the year	22,664			22,664
Net Assets - End of year	(11,776)	5,084,675	-	5,072,899

2019	Unrestricted Operating Funds	Restricted Funds	Zakat Funds	Total
Net Assets - Beginning of year	(52,831)	3,797,636	22,754	3,767,559
Contribution restricted fund		742,339		742,339
Zakat Distribution			(14,350)	(14,350)
Expenses		(29,006)		(29,006)
surplus (Deficit) for the year	17,870			17,870
Net Assets - End of year	(34,962)	4,510,970	8,404	4,484,412

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, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficit) of income over expenditure for the year	586,824	716,853
(Increase) decrease in other current assets	(31,562)	(1,565)
Increase (decrease) in accounts payable and accrued expenses	6,010	-
Increase (decrease) in taxes recoverable	(46,309)	9,402
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	514,963	724,690
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in building work in progress	(684,863)	(453,080)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(684,863)	(453,080)
Net increase (decrease) in cash and cash equivalents	(169,900)	271,610
Cash and cash equivalents at beginning of year	1,407,018	1,135,408
Prior period adjustment	1,664	-
Cash and cash equivalents at end of year	1,238,782	1,407,018

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, 2020

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, 2020

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:

	2020	2019
Cash in hand	\$ 8,544	\$ 5,544
Operating fund account	29,353	47,812
Building fund account	1,200,885	1,353,662
Total	\$ 1,238,782	\$ 1,407,018

4. Property, plant and equipment

Property, plant and equipment consist of the following:

	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
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, 2020

5. Restricted funds

Restricted funds represents the amount reserved by management for the purpose of constructing a building at 6508 Winston Churchill Blvd, Mississauga, ON, L5N 3W4

	2020	2019
Building fund	5,084,675	4,510,970
Zakat fund	-	8,404
Total	5,084,675	4,519,374

6. 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.

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.

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2020

6. Financial Instruments (cont'd)

Risks and concentrations (cont'd)

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.

7. Subsequent events

Due to the COVID 19 outbreak globally since the beginning of 2020, the Canadian and Ontario provincial governments have undertaken emergency preventative measure such as travel bans, self-imposed quarantine, social distancing etc. to combat the spread of this pandemic. These measures may cause material impact on the way businesses are conducted within Canada and globally. It is expected that the global economy to slow down significantly due to this pandemic which may result in the company having some serious impact on its cash flow, revenue and profitability. The Federal and Provincial governments have undertaken some economic stimulus measures to protect the economy and businesses from the impact of this pandemic. The success of these measures and the time frame of recovery and their effect on the Company's financial performance is currently undeterminable.

8. Comparative Figures

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