

Meadowvale Islamic Centre Inc.

Financial Statements

December 31, 2022

Meadowvale Islamic Centre Inc.

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Independent Auditors' Report

To the members
Meadowvale Islamic Centre Inc.

Qualified Opinion

We have audited the financial statements of Meadowvale Islamic Centre Inc. (the organization), which comprise the statement of financial position as at December 31, 2022 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, 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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for Not-for-Profit Organizations.

Basis for 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, 2022, current assets as at December 31, 2022, and net assets as at December 31, 2022. Our audit opinion on the financial statements for the ended December 31, 2022, was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted accounting 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 organization 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 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.

In preparing these financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 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

Independent Auditors' Report

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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 the organization'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 the organization'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 the organization 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 we identify during our audit.



Fareed Sheik & Co.
Chartered Professional Accountants | Licensed Public Accountant

Mississauga
June 05, 2023

Meadowvale Islamic Centre Inc.

Statement of Financial Position

As At December 31, 2022

	Note	2022	2021
Assets			
Current Assets			
Cash and Bank	3.	\$ 2,250,953	\$ 1,518,964
Taxes recoverable	5.	30,377	57,669
Total Current Assets		2,281,330	1,576,633
Advances, deposits and prepayments		447,801	447,801
Property, plant and equipment, net of accumulated amortization	4.	1,490,666	1,490,666
Building work-in-progress		2,708,171	2,424,416
Total Assets		\$ 6,927,968	\$ 5,939,516
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 3,499	\$ 13,979
Net Assets			
Net Assets - ending	2.	6,924,469	5,925,537
Total Liabilities and Net Assets		\$ 6,927,968	\$ 5,939,516

Approved on Behalf of the Board:

Muhammad Rashid Idrees- 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, 2022

	2022			
	Operating Fund	Restricted Building Fund	Restricted Zakat & Fitra Fund	Total
Revenue				
Donations	\$ 67,033	\$ 1,127,816	\$ 94,531	\$ 1,289,380
Total revenue	67,033	1,127,816	94,531	1,289,380
Expenses				
Utilities	(1,381)	-	-	(1,381)
Insurance	-	(1,373)	-	(1,373)
Security expenses	-	(5,257)	-	(5,257)
Advertising and promotion	(498)	(10,000)	-	(10,498)
Social and religious programs/activities	(16,800)	-	-	(16,800)
Professional fees	(3,500)	-	-	(3,500)
Property taxes	-	(8,812)	-	(8,812)
Dues and subscription	(1,332)	-	-	(1,332)
Rental	(36,635)	-	-	(36,635)
Sub-contract	(54,550)	-	-	(54,550)
General & administrative	(5,057)	(19,126)	-	(24,183)
HST expenses	-	(13,579)	-	(13,579)
Bank charges	(1,178)	(16,839)	-	(18,017)
Zakat & Fitra expenses	-	-	(94,531)	(94,531)
Total expenses	(120,931)	(74,986)	(94,531)	(290,448)
Inter-fund transfers				
Transfer to operating fund	72,000	(72,000)	-	-
Net access (deficit) of revenue over expenses	\$ 18,102	\$ 980,830	\$ -	\$ 998,932

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

Meadowvale Islamic Centre Inc.

Statement of Operations

For the Year Ended December 31, 2022

	2021			
	Operating Fund	Restricted Building Fund	Restricted Zakat & Fitra Fund	Total
Revenue				
Donation	\$ 13,519	\$ 1,005,333	\$ 48,598	\$ 1,067,450
Total revenue	13,519	1,005,333	48,598	1,067,450
Expenses				
Advertising and promotion	(330)	(4,449)	-	(4,779)
Dues and subscription	(2,511)	(6,107)	-	(8,618)
Sub-contracting expense	(15,554)	-	-	(15,554)
HST expenses	-	(25,079)	-	(25,079)
Utilities	-	(726)	-	(726)
Insurance	-	(1,424)	-	(1,424)
Security expenses	-	(3,230)	-	(3,230)
Professional fees	(3,500)	(4,000)	-	(7,500)
Property taxes	-	(8,529)	-	(8,529)
Bank charges	(1,172)	(29,297)	-	(30,469)
Rental	(14,492)	-	-	(14,492)
General & administrative	(5,658)	(11,271)	-	(16,929)
Social and religious programs/activities	(6,266)	(549)	-	(6,815)
Zakat & Fitra expenses	-	-	(48,598)	(48,598)
Total expenses	(49,483)	(94,661)	(48,598)	(192,742)
Inter-fund transfers				
Transfer to operating fund	35,964	(35,964)	-	-
Net access (deficit) of revenue over expenses	\$ -	\$ 874,708	\$ -	\$ 874,708

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, 2022

	Note	2022	2021
Net Assets - beginning	2.	\$ 5,925,537	\$ 5,072,901
Net access (deficit) of revenue over expenses		998,932	874,708
Prior period adjustments		-	(22,072)
Net Assets - ending	2.	\$ 6,924,469	\$ 5,925,537

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, 2022

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net access (deficit) of revenue over expenses for the year		\$ 998,932	\$ 874,708
Decrease (increase) in accrued taxes		27,291	3,764
Decrease (increase) in prepaid expense and other assets		-	342
Increase (decrease) in accounts payable and accrued expenses		(10,479)	4,014
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		1,015,744	882,828
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments to acquire property, plant, and equipment		(283,755)	(580,575)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Prior period items		-	(22,071)
OTHER ACTIVITIES:			
Net cash increase (decreases) in cash and cash equivalents		731,989	280,182
Cash and cash equivalents at beginning of the year		1,518,964	1,238,782
Cash and cash equivalents at end of the year	3.	\$ 2,250,953	\$ 1,518,964

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, 2022

1. Significant Accounting Policies

a. Nature of business/basis of preparation

i. Date and place of incorporation, commencement of operations

Meadowvale Islamic Centre Inc. (the organization) was incorporated under the Corporations Act of Ontario. The organization is a religious organization formed to provide the religious and spiritual services to the muslim community in the Mississauga area. It's services include providing prayer services, religious education, Quran memorization etc.

ii. Canadian accounting standards for Not-for-Profit Organization

These financial statements have been prepared in accordance with accounting standards for Not-for-Profit Organizations.

b. Income taxes

The organization is a Not-for-Profit Organization under the Income Tax Act. Therefore, the organization is not subject to either federal or provincial income taxes.

c. Cash and cash equivalents

The organization considers all highly liquid investments with a remaining maturity of three months or less at the time of purchase to be cash equivalents. These cash equivalents consist primarily of term deposits and certificates of deposit. Investments with maturities from greater than three months to one year are classified as short-term investments, while those with maturities in excess of one year are classified as long-term investments. Cash equivalents and short-term investments are stated at cost which approximates market value.

d. Property, plant and equipment

Since the organization is NotforProfit 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. Fund Accounting

As Not-for-Profit Organization, the organization uses the fund accounting system. In this system, each fund is a self-balancing set of accounts which are segregated for specific purposes in accordance with the objectives and by-laws. The organization has the following funds:

(1) the Restricted Building Fund is an internally restricted fund representing money allocated to build the mosque. However, if the operating funds have reimbursed the expenses related to the construction, the management transfers an equivalent amount from the restricted funds to the operating funds.

(2) Zakat & Fitra fund is an internally restricted fund representing money allocated to be utilized for

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2022

1. Significant Accounting Policies

e. Fund Accounting

specific purposes as mentioned by the donors.

(3) the Unrestricted Fund, an unrestricted general operating fund. It represents the balance of unrestricted net assets earned from operations.

f. Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized in the year in which the related expenditures are incurred. Contributions for expenses not yet incurred are deferred to the period and/or program to which they relate. Unrestricted contributions are recognized as revenue in the period received or receivable if the amount can be reasonably estimated and collection reasonably assured.

Grant received or receivable that have been committed or designated by the donor for the current period are included in revenue for the current period when the corresponding conditions for receipt of funds are met or for which the funds are designated has passed. Grants received or receivable that have been committed or designated by the donor for future periods are included in deferred revenue. Expenditures related to the programs for which the above contributions are intended are recognized in the period to which they relate.

Restricted contributions for the purchase of capital assets that will be amortized should be deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Restricted contributions for the purchase of capital assets that will not be amortized should be recognized as direct increases in net assets.

Performance fee, box office, and workshop fees are recognized when persuasive evidence of an arrangement exists, performance has occurred, the contract amount is fixed or determinable, and collection is reasonably assured. Interest income is recognized in the period in which it is earned.

All other revenue and expenses are recorded on the accrual basis, whereby, they are reflected in the accounts in the year which have been earned and incurred, respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

g. Financial instruments

i. Fair values not materially different from book values

The organization has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

ii. Not subject to interest, currency or credit risk

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2022

1. Significant Accounting Policies

g. Financial instruments

ii. **Not subject to interest, currency or credit risk**
financial instruments approximate their carrying values.

iii. Transaction costs

The organization recognizes all transaction costs related to financial assets and liabilities as a reduction to net earnings in the period in which the costs were incurred.

h. 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.

i. Impairment of long lived assets

In the event that facts and circumstances indicate that the organization's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The organization considers that no circumstances exist that would require such an evaluation.

j. Contributed services

The organization currently has no employees and is managed by a group of volunteers who have donated significant amounts of their time to the organization with no compensation. The efforts of volunteer workers and cost of personal supplies consumed, by them for the organization, are not reflected in the accompanying financial statements as no objective basis is available to reasonably estimate the fair value of such services

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2022

2. Reconciliation of fund assets

	2022 Total	Operating fund	Restricted Building Fund	Restricted Zakat & Fitra Fund	2021
Assets					
Cash	\$2,250,953	\$ 60,860	\$2,190,093	\$ -	\$1,518,964
Other current assets	478,178	-	478,178	-	505,470
Capital assets	4,198,837	-	4,198,837	-	3,915,082
Total Assets	6,927,968	60,860	6,867,108	-	5,939,516
Current Liabilities					
Accounts payable and accrued liabilities	3,499	3,499	-	-	13,979
Net Assets					
Balance, beginning of the year	5,925,537	66,934	5,858,603	-	5,072,901
Excess / (Deficit) of revenue over expenditure for the year	998,932	18,102	980,830	-	874,708
Prior Period Adjustments	-	-	-	-	(22,072)
Total Net Assets	6,924,469	85,036	6,839,433	-	5,925,537
Total Liabilities & Net Assets	\$6,927,968	\$ 88,535	\$6,839,433	\$ -	\$5,939,516

3. Cash and Bank

Cash and cash equivalents consist of the following:

	2022	2021
RBC Operating Account	\$ 60,860	\$ 80,913
RBC Building Account	2,190,093	1,438,051
Total	\$ 2,250,953	\$ 1,518,964

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2022

4. Property, plant and equipment

Property, plant and equipment consist of the following:

			2022	2021
	Cost		Net Book Value	Net Book Value
Land	\$ 820,000	\$ -	\$ 820,000	\$ 820,000
Building 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

5. HST recoverable

The organization is entitled to claim the HST public service bodies' rebate. The amount receivable of \$30,377 represents the claim for fiscal year 2022. All previous year claims in the amount of \$57,669 to the end of fiscal year 2021 have been received.

6. Impact of Covid 19

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 organization's financial performance is currently undeterminable.

7. Going concern

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the organization be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities and commitments in other than normal course of operations at amounts different from those in the accompanying financial statements.

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2022

8. Subsequent event

Management evaluated all activity of the organization through June 05, 2023 (the issuance date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements.

9. Comparative Figures

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