

Meadowvale Islamic Centre Inc.

Financial Statements

December 31, 2023

Meadowvale Islamic Centre Inc.

December 31, 2023

CONTENTS

	<u>Page</u>
Financial Statements	
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8



Independent Auditor's Report

To the members of
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, 2023 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, 2023, 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, 2023, current assets as at December 31, 2023, and net assets as at December 31, 2023. Our audit opinion on the financial statements for the ended December 31, 2023, 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 Auditor's 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 LLP

Chartered Professional Accountants | Licensed Public Accountants

Mississauga
October 22, 2024

Meadowvale Islamic Centre Inc.

Statement of Financial Position

As At December 31, 2023

	Note	2023	2022
Assets			
Current Assets			
Cash and Bank	3.	\$ 513,629	\$ 2,250,954
Taxes recoverable	9.	250,073	30,378
Total Current Assets		763,702	2,281,332
Advances, deposits and prepayments	4.	561,299	447,800
Property, plant and equipment, net of accumulated amortization	5.	6,839,340	4,198,837
Total Assets		\$ 8,164,341	\$ 6,927,969
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	6.	\$ 14,279	\$ 3,500
Deferred revenue	10.	10,000	-
Total Current Liabilities		24,279	3,500
Net Assets			
Net Assets - ending	2.	8,140,062	6,924,469
Total Liabilities and Net Assets		\$ 8,164,341	\$ 6,927,969

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, 2023

	2023			
	Operating Fund	Restricted Building Fund	Restricted Zakat & Fitra Fund	Total
Revenue				
Donations	\$ 90,065	\$ 1,424,352	\$ 64,365	\$ 1,578,782
Total revenue	90,065	1,424,352	64,365	1,578,782
Expenses				
Utilities	(2,438)	-	-	(2,438)
Insurance	-	(22,942)	-	(22,942)
Security expenses	-	(9,788)	-	(9,788)
Advertising and promotion	-	(13,154)	-	(13,154)
Social and religious programs/activities	(5,775)	-	-	(5,775)
Professional fees	-	(6,765)	-	(6,765)
Property taxes	-	(9,459)	-	(9,459)
Dues and subscription	(2,530)	-	-	(2,530)
Rental	(60,994)	-	-	(60,994)
Sub-contract	(75,291)	-	-	(75,291)
General & administrative	(2,333)	(36,035)	-	(38,368)
HST expenses	-	(108,751)	-	(108,751)
Bank charges	(2,778)	(3,791)	-	(6,569)
Zakat & Fitra expenses	-	-	(64,365)	(64,365)
Total expenses	(152,139)	(210,685)	(64,365)	(427,189)
Inter-fund transfers				
Transfer to operating fund	90,000	(90,000)	-	-
Net access (deficit) of revenue over expenses	\$ 27,926	\$ 1,123,667	\$ -	\$ 1,151,593

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

Meadowvale Islamic Centre Inc.

Statement of Operations

For the Year Ended December 31, 2023

	2022			
	Operating Fund	Restricted Building Fund	Restricted Zakat & Fitra Fund	Total
Revenue				
Donation	\$ 67,033	\$ 1,127,816	\$ 94,531	\$ 1,289,380
Total revenue	67,033	1,127,816	94,531	1,289,380
Expenses				
Advertising and promotion	(498)	(10,000)	-	(10,498)
Dues and subscription	(1,332)	-	-	(1,332)
Sub-contracting expense	(54,550)	-	-	(54,550)
HST expenses	-	(13,579)	-	(13,579)
Utilities	(1,381)	-	-	(1,381)
Insurance	-	(1,373)	-	(1,373)
Security expenses	-	(5,257)	-	(5,257)
Professional fees	-	(3,500)	-	(3,500)
Property taxes	-	(8,812)	-	(8,812)
Bank charges	(1,178)	(16,839)	-	(18,017)
Rental	(36,635)	-	-	(36,635)
General & administrative	(5,057)	(19,126)	-	(24,183)
Social and religious programs/activities	(16,800)	-	-	(16,800)
Zakat & Fitra expenses	-	-	(94,531)	(94,531)
Total expenses	(117,431)	(78,486)	(94,531)	(290,448)
Inter-fund transfers				
Transfer to operating fund	72,000	(72,000)	-	-
Net access (deficit) of revenue over expenses	\$ 21,602	\$ 977,330	\$ -	\$ 998,932

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, 2023

	2023	2022
Net Assets - beginning	\$ 6,924,469	\$ 5,925,537
Net access (deficit) of revenue over expenses	1,151,593	998,932
Prior period adjustments	64,000	-
Net Assets - ending	\$ 8,140,062	\$ 6,924,469

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, 2023

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net access (deficit) of revenue over expenses for the year		\$ 1,151,593	\$ 998,932
Decrease (increase) in accrued taxes		(219,694)	27,292
Decrease (increase) in prepaid expense and other assets		(113,500)	-
Increase (decrease) in accounts payable and accrued expenses		10,779	(10,479)
Increase (decrease) in deferred revenue		10,000	-
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		839,178	1,015,745
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments to acquire property, plant, and equipment		(2,640,503)	(283,755)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Prior period items		64,000	-
OTHER ACTIVITIES:			
Net cash increase (decreases) in cash and cash equivalents		(1,737,325)	731,990
Cash and cash equivalents at beginning of the year		2,250,954	1,518,964
Cash and cash equivalents at end of the year	3.	\$ 513,629	\$ 2,250,954

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, 2023

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 by Letters Patent under the laws of the Province of Ontario on April 15, 2004. 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 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. 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.

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2023

1. Significant Accounting Policies

f. 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 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.

g. 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.

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.

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2023

1. Significant Accounting Policies

h. Financial instruments

i. 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.

ii. Initial recognition

The organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost, with the exception of investments in equity instruments quoted in an active market, which are measured at fair value.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the church in the transaction.

iii. Subsequent measurement

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in income in the period incurred. Financial assets measured at amortized cost using the straight-line method include cash.

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, 2023

2. Reconciliation of fund assets

	2023 Total	Operating fund	Restricted Building Fund	Restricted Zakat & Fitra Fund	2022
Assets					
Cash	\$ 513,629	\$ 51,236	\$ 462,393	\$ -	\$ 2,250,954
Other assets	811,372	-	811,372	-	478,178
Capital assets	6,839,340	-	6,839,340	-	4,198,837
Total Assets	8,164,341	51,236	8,113,105	-	6,927,969
Current Liabilities					
Accounts payable and accrued liabilities	14,279	14,279	-	-	3,500
Deferred revenue	10,000	10,000	-	-	-
Net Assets					
Balance, beginning of the year	6,924,469	-	-	-	5,925,537
Excess / (Deficit) of revenue over expenditure for the year	1,151,593	-	-	-	998,932
Prior Period Adjustments	64,000	-	-	-	-
Total Net Assets	8,140,062	-	-	-	6,924,469
Total Liabilities & Net Assets	\$ 8,164,341	\$ 24,279	\$ -	\$ -	\$ 6,927,969

3. Cash and Bank

Cash and cash equivalents consist of the following:

	2023	2022
RBC Operating Account	\$ 51,236	\$ 60,860
RBC Building Account	462,393	2,190,094
Total	\$ 513,629	\$ 2,250,954

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2023

4. Prepaid expenses

Prepaid expenses consist of the following:

	2023	2022
Prepaid insurance	\$ 4,099	\$ 611
Deposit with Region of Peel	26,000	-
Deposit with the City of Mississauga	531,200	447,189
Total	\$ 561,299	\$ 447,800

5. Property, plant and equipment

Property, plant and equipment consist of the following:

	2023		2022	
	Cost	Net Book Value	Net Book Value	Net Book Value
Land	\$ 820,000	\$ -	\$ 820,000	\$ 820,000
Building and improvements	6,003,927	-	6,003,927	3,390,824
Furniture and fixtures	1,713	-	1,713	1,713
Total	\$ 6,825,640	\$ -	\$ 6,825,640	\$ 4,212,537

As at December 31, 2023, the organization has invested a total of \$2,626,803 (2022: \$283,755) in building construction. Once completed, the building will be fully operational and dedicated to providing religious and spiritual services to the Muslim community in the Mississauga area, enhancing the organization's ability to serve its members and fulfill its mission.

6. Accounts payable and accrued expenses

Accounts payable and accrued liability consist of the following:

	2023	2022
Credit card	\$ 4,170	\$ -
Other accrued liabilities	10,109	3,500
Total	\$ 14,279	\$ 3,500

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2023

7. Details of credit facility

a. Line of credit

On March 02, 2020, the organization obtained a secured non-revolving lines of credit from RBC, with a credit limit of \$3,200,000. This facility is payable on demand and carries an interest rate of Royal Bank Prime (RBP) + 3.04% per annum. The collateral mortgage constitutes a first charge on the project land and improvements. This facility is intended to support day-to-day cash flow requirements for the the construction project of the building. During the year ended December 31, 2023, the organization drew down \$ NIL (2022 - \$ NIL) from the above facility.

8. Commitments

a. Lease commitment - accounts by period

The organization's total obligations, under an operating leases for use of the premises of Meadowvale West Church Centre, exclusive of realty taxes and other occupancy charges, are as follows:

Year	Amount
2024	\$ 36,693
Total	\$ 36,693

Rent expense for December 31, 2023 amounted to \$ 3,058. The lease agreement with the Meadowvale West Church Centre is for a period from Jan 15, 2024 to December 31, 2024.

9. HST recoverable

The organization is entitled to claim the HST public service body's rebate. The amount receivable, totaling \$252,073, represents the claim for fiscal year ending December 31, 2023. On January 25, 2024, a payment of \$203,419 was received, followed by an additional \$48,654 on February 09, 2024 completing the claim. All previous year claims amounting to \$30,378 through the end of fiscal year 2022, have been fully received.

10. Government assistance

During the year ended at December 31, 2023 the organization received \$10,000, (2022: - \$-) under the Ontario Anti-Hate and Prevention Grant program. This grant is intended to support organization in combating hate and fostering stronger, safer, and more inclusive communities in Ontario. As at December 31, 2023 the organization had not utilized the grant funds resulting a deferment of this amount.

11. 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, 2023

12. Financial instruments

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the entity's risk exposure and concentration as at December 31, 2023 are detailed below.

a. Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The organization also maintains certain credit facilities, which can be drawn upon as needed.

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 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.

The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating interest rate instruments subject the organization to changes in related future cash flows. During the year the organization is not exposed to any other 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.

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2023

13. Subsequent event

Management evaluated all activity of the organization through October 22, 2024 (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.

14. Comparative Figures

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