

Meadowvale Islamic Centre Inc.

Financial Statements

December 31, 2024

Meadowvale Islamic Centre Inc.

December 31, 2024

CONTENTS

	<u>Page</u>
Financial Statements	
Independent Auditor's Report	1
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Fund Balances	7
Statement of Cash Flows	8
Notes to the Financial Statements	9



Independent Auditor's Report

To the Board of Directors 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, 2024 and the statement of operations, statement of changes in fund balances 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, 2024, and the results of its operations and its cash flows for the year then ended in accordance with the Accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, **Meadowvale Islamic Centre Inc.** derives revenues from cash 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, 2024, current assets as at December 31, 2024, and net assets as at December 31, 2024. Our audit opinion on the financial statements for the ended December 31, 2024, was modified accordingly because of the possible effects of this limitation in scope.

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.

Other Matter - Restatement of Financial statements

As disclosed in Note 8 to the financial statements, the comparative information for the year ended December 31, 2023 has been restated to correct errors related to the accounting for building construction, contract holdback liabilities, and security deposits. Our audit opinion is not modified in respect of this matter.



Independent Auditor's Report

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 ASNPO, 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

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



Independent Auditor's Report

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, ON
January 30, 2026

Meadowvale Islamic Centre Inc.

Statement of Financial Position

As At December 31, 2024

	Note	2024	2023 (as restated)	Opening at January 1, 2023
Assets				
Current Assets				
Cash		\$ 123,205	\$ 513,629	\$ 2,250,954
HST rebate receivable	4.	100,830	250,073	30,378
Advances and deposits		506,954	564,556	515,057
		730,989	1,328,258	2,796,389
Property and equipment	3.	10,696,830	7,391,051	4,379,302
		\$ 11,427,819	\$ 8,719,309	\$ 7,175,691
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	5.	\$ 110,871	\$ 162,346	\$ 165,920
Deferred revenue	6.	-	10,000	-
Rentention holdback liabilities	7.	362,146	300,660	18,046
Qard-e-hasna - Short term	8.	844,750	-	-
		1,317,767	473,006	183,966
Long term liabilities				
Qard-e-hasna - Long term	8.	247,000	-	-
		1,564,767	473,006	183,966
Fund Balances				
Operating fund		-	-	57,360
Restricted building fund		9,863,052	8,246,303	6,934,365
		9,863,052	8,246,303	6,991,725
		\$ 11,427,819	\$ 8,719,309	\$ 7,175,691

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, 2024

	2024			
	Operating Fund	Restricted Building Fund	Restricted Zakat & Fitra Fund	Total
Revenue				
Donations	\$ 123,487	\$ 1,776,984	\$ -	\$ 1,900,471
Grants	-	30,000	-	30,000
	123,487	1,806,984	-	1,930,471
Expenses				
Sub-contract	93,436	-	-	93,436
Rental	83,090	-	-	83,090
General & administrative	30,544	-	-	30,544
Security expenses	-	28,806	-	28,806
Insurance	-	18,660	-	18,660
Zakat & Fitra expenses	-	-	12,000	12,000
Property taxes	-	10,158	-	10,158
Professional fees	-	7,424	-	7,424
Utilities	7,120	-	-	7,120
Bank charges	3,338	3,143	-	6,481
HST expenses	-	6,291	-	6,291
Advertising and promotion	3,878	122	-	4,000
Repairs & maintenance	-	3,500	-	3,500
Dues and subscription	2,212	-	-	2,212
	223,618	78,104	12,000	313,722
Net excess (deficit) of revenue over expenses	\$ (100,131)	\$ 1,728,880	\$ (12,000)	\$ 1,616,749

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

Meadowvale Islamic Centre Inc.

Statement of Operations

For the Year Ended December 31, 2024

	2023 (as restated)			
	Operating Fund	Restricted Building Fund	Restricted Zakat & Fitra Fund	Total
Revenue				
Donation	\$ 90,065	\$ 1,424,352	\$ 64,365	\$ 1,578,782
	90,065	1,424,352	64,365	1,578,782
Expenses				
Sub-contract	75,291	-	-	75,291
Zakat & Fitra expenses	-	-	64,365	64,365
Rental	60,994	-	-	60,994
General & administrative	2,333	36,035	-	38,368
Insurance	-	22,942	-	22,942
Advertising and promotion	-	13,154	-	13,154
Security expenses	-	9,788	-	9,788
Property taxes	-	9,459	-	9,459
Professional fees	-	6,765	-	6,765
Bank charges	2,778	3,791	-	6,569
Social and religious programs/activities	5,775	-	-	5,775
HST expenses	-	5,766	-	5,766
Dues and subscription	2,530	-	-	2,530
Utilities	2,438	-	-	2,438
	(152,139)	(107,700)	(64,365)	(324,204)
Net excess (deficit) of revenue over expenses	\$ (62,074)	\$ 1,316,652	\$ -	\$ 1,254,578

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

Meadowvale Islamic Centre Inc.

Statement of Changes in Fund Balance

For the Year Ended December 31, 2024

	2024	2023 (as restated)
Unrestricted operating fund		
Balance, beginning	\$ -	\$ 57,360
Excess of expenses over revenue	(100,131)	(62,074)
Transfer from restricted building fund	100,131	4,714
Balance, ending	-	-
Restricted building fund		
Balance, beginning	8,246,303	6,934,365
Excess of revenue over expenses	1,728,880	1,316,652
Transfer to other funds	(112,131)	(4,714)
Balance, ending	9,863,052	8,246,303
Restricted zakat & fitra funds		
Balance, beginning	-	-
Excess of expenses over revenue	(12,000)	-
Transfer from restricted building fund	12,000	-
Balance, ending	-	-
Fund balances, ending	\$ 9,863,052	\$ 8,246,303

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, 2024

	2024	2023 (as restated)
Cash provided by (used in)		
Operating activities		
Net excess of revenue over expenses for the year	\$ 1,616,749	\$ 1,254,578
Changes in non-cash working capital items related to operations		
Decrease (increase) in HST rebate receivable	149,243	(219,695)
Decrease (increase) in advances and deposits	57,602	(49,499)
Decrease in accounts payable and accrued expenses	(51,475)	(3,574)
Increase (decrease) in deferred revenue	(10,000)	10,000
Increase in Rentention holdback liabilities	61,486	282,614
	1,823,605	1,274,424
Investing activities		
Purchase of property and equipment	(3,305,779)	(3,011,749)
	(3,305,779)	(3,011,749)
Financing activities		
Proceeds from Qarde hasna loan	1,091,750	-
	1,091,750	-
Decreases in cash during the year	(390,424)	(1,737,325)
Cash - Beginning of year	513,629	2,250,954
Cash - End of year	\$ 123,205	\$ 513,629

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, 2024

1. Nature of business

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 Mississauga area. It's services include providing prayer services, religious education, Quran memorization etc.

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 (ASNPO).

b. 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, 2024

2. Significant Accounting Policies

c. Fund Accounting

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:

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.

Zakat & Fitra fund is an internally restricted fund representing money allocated to be utilized for specific purposes as mentioned by the donors.

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

d. Property and equipment

Property and equipment are recorded at cost. Cost includes expenditures that are directly attributable to the acquisition, construction, development, or improvement of the asset, and other costs necessary to prepare the asset for its intended use. Land is recorded at cost and is not depreciated.

Construction in progress represent costs incurred for construction projects that are not yet substantially complete and available for use. Amortization of costs of construction in progress has not started yet. Upon substantial completion and when the asset is available for use, the accumulated costs are transferred to the appropriate category of property and equipment and amortization commences.

Property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

e. Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in results of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in results of operations.

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2024

2. Significant Accounting Policies

f. 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.

g. Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash and advances and deposits.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities, retention holdback liabilities and qard-e-hasna.

The organization has not designated any financial assets or financial liabilities to be measured at fair value.

h. 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, 2024

3. Property and equipment

Property and equipment consist of the following:

			2024	2023
	Cost		Net Book Value	as restated Net Book Value
Land	\$ 820,000	\$ -	\$ 820,000	\$ 820,000
Construction in progress	9,875,117	-	9,875,117	6,569,338
Furniture and fixtures	1,713	-	1,713	1,713
Total	\$ 10,696,830	\$ -	\$ 10,696,830	\$ 7,391,051

As at December 31, 2024, the organization has invested a total of \$ 9,875,117 (2023: \$ 6,569,338) in building construction and improvements. 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.

Building and improvements amortization will start once the building construction has been completed and occupancy permit is issued by the city.

4. HST rebate receivable

The organization is entitled to claim the HST public service bodies rebate. The amount receivable, totaling \$100,830, represents the claim for fiscal year ending December 31, 2024. All previous year claims amounting to \$250,073 through the end of fiscal year 2023, have been fully received.

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2024	2023
		(as restated)
Credit card payable	\$ 9,852	\$ 4,170
Other accrued liabilities	101,019	158,174
Total	\$ 110,871	\$ 162,344

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2024

6. Government assistance

During the year ended December 31, 2024, the Organization received \$20,000 under the Ontario Anti-Hate and Prevention Grant program. In addition, \$10,000 received in 2023 and recorded as deferred revenue was recognized as revenue in 2024.

The grant is intended to support the Organization in combating hate and fostering stronger, safer, and more inclusive communities in Ontario. Management has incurred expenditures during the year to fulfill the objectives of the grant.

7. Retention holdback liabilities

The retention holdback liability represents 10% of amounts withheld under construction contracts to ensure satisfactory completion of work and compliance with contractual terms. The holdback is payable upon substantial completion of the related projects. The Organization withholds 10% of progress billings under construction contracts as retention holdbacks to ensure satisfactory completion of work and compliance with contractual terms. The holdbacks are payable upon substantial completion of the related projects and expiry of applicable lien periods, typically within 45 to 60 days of completion. Management is not aware of any disputes or claims related to these holdbacks as at the reporting date.

8. Qard-e-Hasna

The Organization has received Qard-e-Hasna, which are non-interest-bearing loans obtained from members of the community. These loans are repayable at predetermined dates; however, no penalties are charged for delays in repayment, and repayments are made subject to the availability of the Organization's funds.

Qard-e-Hasna are classified as current or long-term liabilities based on whether the contractual repayment date is within twelve months of the statement of financial position date.

	2024	2023 (as restated)
Total Qarde-e-Hasna Loan	\$ 1,091,750	\$ -
Less: Current portion	(844,750)	-
Qarde-e-Hasna- Long term	\$ 247,000	\$ -

Minimum principal repayments over the next two years are as follows:

2025 - \$844,750

2026 - \$247,000

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2024

9. Prior Period Adjustment and Restatement of Comparative Information

During the audit of year ended December 31, 2024, management identified errors in the accounting treatment of certain construction project costs, related contract holdback amounts, security deposit and HST Expenses in the prior years.

Specifically:

1. The holdback portion of contract payments relating to construction projects was not previously recognized as a liability, and the corresponding construction costs were not capitalized to construction in progress. These amounts represent work performed that is payable in the future and should have been recognized in the financial statements.
2. The non-recoverable portion of HST on construction costs, net of the Public Service Body (PSB) rebate, was not capitalized to construction in progress.
3. Certain security deposits were not recognized correctly in prior periods.

As a result, the comparative financial statements for the year ended December 31, 2023 have been restated. In addition, a prior period adjustment was made to the opening net assets as at January 1, 2023 to correct errors originating in prior years. The corrections also resulted in changes to construction in progress, retention holdback liabilities, accrued liabilities, and excess (deficiency) of revenues over expenses for the year ended December 31, 2023.

The impacts of this restatement on the balance sheet as at January 1, 2023 and the December 31, 2023 financial statements are as follows:

Impact of Restatement	Year Ending December 31, 2023	Opening balance sheet at January 1, 2023
Increase in Prepaid expenses and other assets	\$ -	\$ 3,255
Increase in Property, plant and equipment – Construction in progress	551,711	180,465
Increase in Accounts payable and accrued liabilities	448,725	180,465
Adjustment to restricted building fund	-	3,255
Decrease in HST Non-recoverable portion	102,985	-
Increase in Net Income	\$ 102,985	\$ -

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2024

10. Financial instruments

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. Management has assessed liquidity risk as moderate given the make up of its accounts payable and accrued liabilities, retention holdback liabilities and Qarde-e-Hasna loan. These loans are repayable at predetermined dates, which has been separated into long term and short term loan based on the present obligation.

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. The organization's cash is held with major chartered banks and reputable financial institutions, which management believes present minimal 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. The organization is not exposed to significant market risk as it does not hold foreign currency, does not have interest bearing loans and has no investments subject to market price fluctuations.

11. Contingencies

The organization is involved in legal proceedings relating to construction contracts. The outcomes of these matters are highly uncertain, as no pre-trial proceedings, exchange of documents, or discovery have occurred.

Stallion Construction Group Inc. – On November 16, 2022, Stallion registered a construction lien against the property located at 6496–6508 Winston Churchill Boulevard, Mississauga, Ontario. On January 9, 2023, Stallion commenced an action against the Organization for \$1,348,236.85. The Organization has filed a counterclaim against Stallion in the amount of \$5,650,000. The claim has been set down for trial, but no pre-trial or case conference has been scheduled to exchange documents or conduct oral examinations.

Leen Steels Limited – On December 9, 2022, Leen, a subcontractor to Stallion, registered a construction lien against the same property and commenced a claim against the Organization and Stallion for \$112,708.89 on March 17, 2023. The Organization has defended the action and a crossclaim has been filed against Stallion. No pre-trial or case conference has been scheduled to exchange documents or conduct examinations.

No liability or asset has been recognized in the financial statements.

Meadowvale Islamic Centre Inc.

Notes to the Financial Statements

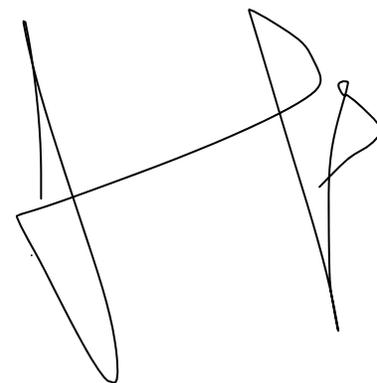
For the Year Ended December 31, 2024

12. Subsequent event

Management evaluated all activity of the organization through January 30, 2026 (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.

13. Reclassifications

Certain comparative figures are reclassified to conform with the financial statement presentation adopted for the current year.

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