

**Meadowvale Islamic Centre Inc.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING 31 December 2016**



# Meadowvale Islamic Centre Inc.

## FINANCIAL STATEMENTS

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## INDEPENDENT AUDITORS' REPORT

To the Members  
Meadowvale Islamic Centre Inc.

We have audited the accompanying financial statements of Meadowvale Islamic Centre Inc., which comprise the balance sheets as at 31 December 2016 and the Statements of operations, net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis of Qualified Opinion*

In common with many not-for-profit organizations, the charity derives revenue from certain fundraising activities, the completeness of which is not readily susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Meadowvale Islamic Centre and we were not able to determine whether any adjustments might be necessary to the donations, excess of income over expenditures, assets, liabilities and net assets.

### *Opinion*

In our opinion, opinion, except for the effects of the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Meadowvale Islamic Centre Inc. as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Mississauga  
June 12, 2017

*Fareed Sheik LLP*

**Fareed Sheik LLP**  
Chartered Professional Accountants  
Licensed Public Accountants



**Meadowvale Islamic Centre Inc.**  
**Balance Sheet**  
**As at 31 December 2016**

	31/12/2016	31/12/2015
<b>Assets</b>		
<b>Current</b>		
Cash & Bank (Note 3)	\$ 667,637	\$ 807,106
Advances, Deposits and Prepayments	195,461	656
Taxes Recoverable	41,180	24,481
	904,278	832,243
<b>Non-Current</b>		
Property, Plant and Equipment (Note 4)	1,490,666	1,490,666
Building Work in Progress	401,801	146,692
	1,892,467	1,637,358
<b>Total Assets</b>	\$ 2,796,745	\$ 2,469,601
<b>Liabilities</b>		
<b>Current</b>		
Accounts Payable and Accrued Liabilities	4,576	4,069
	4,576	4,069
<b>Net Assets</b>		
Unrestricted	10,522	67,584
Restricted (Note 5)	2,781,647	2,397,948
	2,792,169	2,465,532
<b>Total Liabilities and Net Assets</b>	\$ 2,796,745	\$ 2,469,601

*See accompanying notes to financial statements*

*Muhammad Asif*

Approved By \_\_\_\_\_

Date

June 12, 2017 \_\_\_\_\_



**Meadowvale Islamic Centre Inc.**  
**Statement of Operations**  
**For the year ending 31 December 2016**

	12/31/2016	12/31/2015
<b>Income</b>	<b>\$</b>	<b>\$</b>
Community Contribution - Operation	161,747	305,053
Other Revenue	31,746	37,136
<b>Gross Income</b>	<b>193,493</b>	<b>342,189</b>
<b>Expenditures</b>		
Social & Religious Programs/Activities	50,352	57,045
Interest and Bank Charges	7,004	4,294
General and Office Expenses	9,566	7,899
Insurance Charges	1,710	5,261
Printing and Publication	1,103	3,130
Professional Fees	6,000	3,500
Rental	87,467	84,823
Repair and Maintenance	13,653	18,641
Subcontracting Expenses	46,830	85,387
Property Taxes	9,241	8,927
Telephone and Utilities	10,409	9,755
Travel Expenses	-	933
HST Expense	7,220	10,646
<b>Total Expenditure</b>	<b>250,555</b>	<b>300,241</b>
<b>Excess (Deficit) of Income over Expenditure</b>	<b>(57,062)</b>	<b>41,948</b>

*See accompanying notes to financial statements*



**Meadowvale Islamic Centre Inc.**  
**Statement of Changes in Net Assets**  
**For the year ending 31 December 2016**

<b>2016</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
Opening Net Assets	67,584	2,397,948	2,465,532
Contributions - Restricted Fund	-	383,699	383,699
Surplus(Deficit) for the Year	(57,062)	-	(57,062)
<b>Closing Net Assets</b>	<b>\$10,522</b>	<b>\$2,781,647</b>	<b>\$2,792,169</b>

<b>2015</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
Opening Net Assets	25,636	2,026,521	2,052,157
Contributions - Restricted Fund	-	371,427	371,427
Surplus (deficit) for the Year	41,948	-	41,948
<b>Closing Net Assets</b>	<b>\$67,584</b>	<b>\$2,397,948</b>	<b>\$2,465,532</b>

*See accompanying notes to financial statements*



**Meadowvale Islamic Centre Inc.**  
**Statement of Cash Flows**  
**For the year ending 31 December 2016**

	12/31/2016	12/31/2015
<b>Cashflow from Operating activities</b>		
<b>Excess of income over expenditure</b>	<b>\$(57,062)</b>	<b>\$41,948</b>
<b>Change in non-cash working capital items</b>	<b>-</b>	
Accounts Receivable and advances	(194,805)	1,882
Accounts payable and accrued liabilities	507	(153)
Taxes recoverable	(16,699)	(5,741)
<b>Net cash provided from operating activities</b>	<b>(268,059)</b>	<b>37,936</b>
<b>Investing Activities</b>		
Acquisition of capital assets	(255,109)	(51,412)
<b>Net cash used in investing activities</b>	<b>(255,109)</b>	<b>(51,412)</b>
<b>Financing Activities</b>		
Building Fund Collections	383,699	371,427
<b>Net cash used from financing activities</b>	<b>383,699</b>	<b>371,427</b>
Increase/(Decrease) in cash	(139,469)	357,951
Cash and Cash equivalents - beginning	807,106	449,155
<b>Cash and Cash equivalents - ending</b>	<b>\$667,637</b>	<b>\$ 807,106</b>

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

*See accompanying notes to financial statements*



# Meadowvale Islamic Centre Inc.

## Notes to the financial statements

### 31 December 2016

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#### 1. Legal status and nature of activities:

Meadowvale Islamic Centre Inc. (Centre) is a religious organization formed to provide the religious and spiritual services to the Muslim community in the Mississauga area. Its services include providing prayer services, religious education, Quran memorization etc.

The organization is incorporated under the Corporations Act of Ontario as non-profit organization without share capital and is a registered charity under the Income Tax Act. As a non-profit entity, the Organization is exempt from income tax.

These financial statements are the prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

#### 2. Significant Accounting Policies:

##### 2.1 Revenue recognition

The Organization follows the deferral method of accounting for revenue. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### 2.2 Management Estimates:

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

##### 2.3 Donated Services:

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

##### 2.4 Cash and Cash Equivalents:

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

##### 2.5 Capital Assets:

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





**Meadowvale Islamic Centre Inc.**  
**Notes to the financial statements**  
**31 December 2016**

**3. Cash and Bank Balances:**

Operating Accounts	63,073	78,942
Building Accounts	599,020	728,164
Cash in Hand	5,544	-
	<b>667,637</b>	<b>807,106</b>

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

	Cost	Net book value	
		2016	2015
Land	820,000	820,000	820,000
Furniture & Fixture	1,713	1,713	1,713
Building & Improvements	668,953	668,953	668,953
	<b>1,490,666</b>	<b>1,490,666</b>	<b>1,490,666</b>

**5. Restricted fund includes the following funds:**

	2016	2015
Building Fund	2,755,855	2,387,113
Zakat Fund	11,203	3,463
Fitra Fund	7,817	-
Syrian Refugee Fund	6,772	7,372
	<b>2,781,647</b>	<b>2,397,948</b>

**6. Financial Instruments:**

Financial instruments are recognized in the balance sheet when the organization has become a party to the contractual provisions of the instruments. Financial instruments are classified as liabilities or net assets in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

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

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

# Meadowvale Islamic Centre Inc.

## Notes to the financial statements

### 31 December 2016

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#### **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 31 December 2016.

#### **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.

#### **Credit risk**

The carrying value of the organization's main financial assets represents the maximum credit risk to which the organization is exposed. The organization is not exposed to significant levels of credit risk.

#### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

##### **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization has no financial instruments which may be exposed to foreign exchange fluctuations.

##### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is not exposed to significant levels of interest rate risk.

##### **Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed significant levels of other price risk



**Meadowvale Islamic Centre Inc.**  
**Notes to the financial statements**  
**31 December 2016**

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**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. Comparative amounts:**

Comparative amounts of 2015 are restated to make the presentation identical to that adopted for 2016.

**8. Subsequent Events:**

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

  
**Treasurer MIC**

