

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

FINANCIAL STATEMENTS
(Unaudited)

YEAR ENDED
DECEMBER 31, 2015

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REVIEW ENGAGEMENT REPORT

To The Board of Directors of Muslim Social Services Kitchener Waterloo

I have reviewed the statement of financial position of **Muslim Social Services Kitchener Waterloo** as at **December 31, 2015** and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to me by the organization.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

In common with many non-profit organizations, the organization derives revenue from donations and various fundraising activities the completeness of which is not susceptible of satisfactory review analysis. Accordingly, my analysis of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditures, assets and net assets.

Based on my review, except for the effects of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of donations and fund raising revenue, as referred to in the preceding paragraph, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Cambridge, Ontario
March 7, 2016

**Authorized to Practice Public Accounting by the
Institute of Chartered Professional Accountants of Ontario**

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF FINANCIAL POSITION (Unaudited)

DECEMBER 31, 2015

ASSETS

	2015	2014
CURRENT ASSETS		
Cash	\$ 52,756	\$ 60,030
Amounts receivable	779	-
Harmonized sales tax recoverable	632	-
Prepaid expenses	269	258
	<u>54,436</u>	<u>60,288</u>
PROPERTY AND EQUIPMENT (note 3)	<u>251</u>	<u>358</u>
	<u>\$ 54,687</u>	<u>\$ 60,646</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 4)	\$ 3,217	\$ 3,722
Deferred grants (note 5)	20,746	40,979
	<u>23,963</u>	<u>44,701</u>
NET ASSETS	<u>30,724</u>	<u>15,945</u>
 _____, Director	<u>\$ 54,687</u>	<u>\$ 60,646</u>

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF REVENUE AND EXPENSES (Unaudited)

YEAR ENDED
DECEMBER 31, 2015

	2015	2014
REVENUE		
Grants	\$ 69,773	\$ 50,825
Food drives	12,524	12,773
General donations	3,154	3,717
Zakaat and sadaqah	2,400	5,012
Other revenue	1,111	440
	88,962	72,767
EXPENSES		
Salaries and benefits	49,281	45,464
Food drives	12,273	10,319
Legal and professional fees	4,732	2,000
Advertising and promotion	2,901	-
Staff training	1,401	2,997
Occupancy cost	1,373	1,338
Office and general expenses	1,074	1,523
Other programs	731	276
Bank charges	310	580
Depreciation of property and equipment (note 3)	107	154
	74,183	64,651
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 14,779	\$ 8,116

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

YEAR ENDED
DECEMBER 31, 2015

	2015	2014
NET ASSETS, BEGINNING OF YEAR	\$ 15,945	\$ 7,829
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>14,779</u>	<u>8,116</u>
NET ASSETS, END OF THE YEAR	<u>\$ 30,724</u>	<u>\$ 15,945</u>

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF CASH FLOWS (Unaudited)

YEAR ENDED
DECEMBER 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 14,779	\$ 8,116
Items not affecting cash		
Amortization of property and equipment	107	154
Net change in non-cash working capital components related to operations		
Decrease (increase) in amounts receivable	(779)	1,824
Increase in harmonized sales taxes recoverable	(632)	-
Increase in prepaid expenses	(11)	(10)
Decrease in accounts payable and accrued liabilities	(505)	(1,463)
Increase (decrease) in deferred grants	(20,233)	24,833
	<u>(7,274)</u>	<u>33,454</u>
INCREASE (DECREASE) IN CASH FOR THE YEAR	(7,274)	33,454
CASH, BEGINNING OF THE YEAR	60,030	26,576
CASH, END OF THE YEAR	\$ 52,756	\$ 60,030

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

(Unaudited)

1. NATURE OF BUSINESS

Muslim Social Services Kitchener-Waterloo (the "Charity") is a charitable organization and a registered charity under the Income Tax Act(Canada).The Charity's income is not taxable and the Charity is eligible to issue official income tax receipts for charitable donations. The Charity provides culturally and spiritually sensitive humanitarian and social services to the Muslims and non-Muslims communities of the Waterloo Region.

2. SIGNIFICANT ACCOUNTING POLICIES

The Charity's financial statements were prepared by management in accordance with Part III of the Chartered Professional Accountants of Canada "CPA" Accounting Handbook - Accounting Standards for Not-for-Profit organizations (ASNPO), which sets out generally accepted accounting principles for Not-for-Profit organizations in Canada "GAAP" and include the significant accounting policies described hereafter.

Significant accounting policies are summarized as follows:

(a) Cash and cash equivalents

Bank balances, including bank indebtedness with balances that fluctuate from positive to overdrawn, are presented under cash and cash equivalents. Cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a short maturity of approximately three months or less from the date of acquisition.

(b) Property and equipment

Property and equipment are valued at cost. Amortization is calculated on the diminishing balance method at the following annual rates:

Computer equipment	30%
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(Unaudited)

(c) Revenue recognition

The Charity follows deferral method of accounting for its contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. External restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Core funding grants from government and other institutions are recorded as revenue as the services are rendered.

(d) Contributed goods and services

Contributed goods are recorded at fair market value at the date of contribution. The value of services provided by the Charity's many volunteers are not reflected in these financial statements due to difficulty in determining the fair value of the services.

(e) Financial instruments

Financial instruments are recorded at fair value on initial recognition and measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Charity determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The Charity's financial instruments consist of cash, accounts receivable, prepaid expenses and accounts payable. Cash and bank indebtedness are measured at fair value and all other financial instruments are measured at amortized cost.

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(Unaudited)

(f) Impairment of property and equipment

Property and equipment subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a writedown of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

(g) Use of estimates

The preparation of financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment, valuation of accounts receivable. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS (Unaudited)

DECEMBER 31, 2015

3. PROPERTY AND EQUIPMENT

	2015			2014
	Cost	Accumulated Depreciation	Net	Net
Computer equipment	\$ 732	\$ 481	\$ 251	\$ 358
	\$ 732	\$ 481	\$ 251	\$ 358

Amortization expense for the year amounted to \$107 (2014 - \$154).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include payroll taxes in the amount of \$1,189(2014 - \$1,324).

5. DEFERRED GRANTS

	2015	2014
Deferred Grants, beginning of year	\$ 40,979	\$ 16,146
Grants received during the year	35,000	75,658
	75,979	91,804
Amount recognized in grants revenue during the year	55,233	50,825
Deferred grants, end of year	\$ 20,746	\$ 40,979

Charity received \$35,000 (2014 - \$68,200) grant from The Ontario Trillium Foundation to cover the Charity's operating expenses. The unspent grant is deferred and will be recognized as revenue as the related services are performed in the next fiscal year.

6. FINANCIAL INSTRUMENTS

Risks and concentration of risk

The Charity is exposed to various risks through its financial instruments. The Charity's risk exposure and concentrations as at December 31, 2015 are as follows:

Credit risk

Credit risk is the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Charity is not exposed to any significant credit risk.

Liquidity risk

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Liquidity risk is the risk that the Charity will encounter difficulty in meeting its obligations associated with financial liabilities. The Charity is exposed to risk mainly in respect of its accounts payable.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Charity is not exposed to any significant currency risk.

Interest rate risk

Interest rate risk is the risk that the Charity's future cash flows associated with its financial instruments, will fluctuate with the changes in the market rate of interest. The Charity is not exposed to any significant interest rate risks since it does not use interest bearing financial instruments.

7. COMMITMENTS

The Charity signed operating lease agreement with The Children Aid Society of the Regional Municipality of Waterloo for rental of premises in November of 2015. The rental obligation is subsidized by Family & Children Services through various grants.

Future minimum annual payment requirements are as follows:

2016	\$	810
	\$	810