

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

FINANCIAL STATEMENTS
(Unaudited)

YEAR ENDED
DECEMBER 31, 2016

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REVIEW ENGAGEMENT REPORT

To The Board of Directors of Muslim Social Services Kitchener Waterloo

We have reviewed the statement of financial position of Muslim Social Services Kitchener Waterloo as at December 31, 2016 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. Our 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 us by the organization.

A review does not constitute an audit and consequently we 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 we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditures, assets and net assets.

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

Mississauga, Ontario

April 7, 2017

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, 2016

	ASSETS	
	2016	2015
CURRENT ASSETS		
Cash	\$ 29,959	\$ 52,756
Amounts receivable	-	779
Harmonized sales tax recoverable	1,291	632
Prepaid expenses	<u>269</u>	<u>269</u>
	31,519	54,436
PROPERTY AND EQUIPMENT (note 2)	<u>266</u>	<u>251</u>
	<u>\$ 31,785</u>	<u>\$ 54,687</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 3)	\$ 1,982	\$ 3,217
Deferred grants (note 4)	<u>13,901</u>	<u>20,746</u>
	15,883	23,963
NET ASSETS	<u>15,902</u>	<u>30,724</u>
 _____, Director	<u>\$ 31,785</u>	<u>\$ 54,687</u>

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

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF REVENUE AND EXPENSES (Unaudited)

YEAR ENDED
DECEMBER 31, 2016

	2016	2015
REVENUE		
Grants	\$ 78,239	\$ 69,773
Social assistance	11,087	14,924
General donations	6,485	3,154
Other revenue	<u>1,588</u>	<u>1,111</u>
	<u>97,399</u>	<u>88,962</u>
EXPENSES		
Salaries and benefits	53,467	49,281
Social assistance	23,324	12,273
Programs for children and youth	13,611	1,401
Consulting fees	5,900	2,732
Legal and professional fees	5,100	2,000
Other programs	4,497	731
Advertising and promotion	2,276	2,901
Office and general expenses	3,042	1,074
Occupancy cost	623	1,373
Bank charges	267	310
Depreciation of property and equipment (note 2)	<u>114</u>	<u>107</u>
	<u>112,221</u>	<u>74,183</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES		
FOR THE YEAR	<u>\$ (14,822)</u>	<u>\$ 14,779</u>

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

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

YEAR ENDED
DECEMBER 31, 2016

	2016	2015
NET ASSETS, BEGINNING OF YEAR	\$ 30,724	\$ 15,945
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>(14,822)</u>	<u>14,779</u>
NET ASSETS, END OF THE YEAR	<u>\$ 15,902</u>	<u>\$ 30,724</u>

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

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF CASH FLOWS (Unaudited)

YEAR ENDED
DECEMBER 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ (14,822)	\$ 14,779
Items not affecting cash		
Amortization of property and equipment	114	107
Net change in non-cash working capital components related to operations		
Decrease (increase) in amounts receivable	779	(779)
Increase in harmonized sales taxes recoverable	(659)	(632)
Increase in prepaid expenses	-	(11)
Decrease in accounts payable and accrued liabilities	(1,235)	(505)
Decrease in deferred grants	<u>(6,845)</u>	<u>(20,233)</u>
	<u>(22,668)</u>	<u>(7,274)</u>
INVESTMENT ACTIVITIES		
Acquisition of property and equipment	<u>(129)</u>	<u>-</u>
DECREASE IN CASH FOR THE YEAR	(22,797)	(7,274)
CASH, BEGINNING OF THE YEAR	<u>52,756</u>	<u>60,030</u>
CASH, END OF THE YEAR	<u>\$ 29,959</u>	<u>\$ 52,756</u>

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

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

DECEMBER 31, 2016

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.

1. 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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NOTES TO FINANCIAL STATEMENTS (Unaudited)

DECEMBER 31, 2016

(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.

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

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DECEMBER 31, 2016

(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.

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

DECEMBER 31, 2016

2. PROPERTY AND EQUIPMENT

	2016			2015
	Cost	Accumulated Depreciation	Net	Net
Computer equipment	\$ 861	\$ 595	\$ 266	\$ 251
	<u>\$ 861</u>	<u>\$ 595</u>	<u>\$ 266</u>	<u>\$ 251</u>

Amortization expense for the year amounted to \$107 (2015 - \$108).

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include payroll taxes in the amount of \$486 (2015 - \$1,189).

4. DEFERRED GRANTS

	2016	2015
Deferred Grants, beginning of year	\$ 20,746	\$ 40,979
Grants received during the year	<u>60,995</u>	<u>35,000</u>
	81,741	75,979
Amount recognized in grants revenue during the year	<u>67,839</u>	<u>55,233</u>
Deferred grants, end of year	<u>\$ 13,902</u>	<u>\$ 20,746</u>

Charity received \$25,000 grant from Immigration Partnership with Region of Waterloo for settlement of Syrian refugees in Kitchener Waterloo region. The unspent grant is deferred and will be recognized as revenue as the related services are performed in the next fiscal year.

5. 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, 2016 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

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.

6. COMPARATIVE FINANCIAL STATEMENTS

The presentation of certain amounts on the statement of revenue and expenses for the previous year has been changed to conform with the financial statement presentation adopted for 2016. Excess of revenue over expenses for the previous year is not affected by this reclassification.