

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

FINANCIAL STATEMENTS
(Unaudited)

YEAR ENDED
DECEMBER 31, 2019

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INDEPENDENT PRACTITIONER'S 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 at December 31, 2019 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended.

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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements in a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Opinion

In common with many non-profit organizations, Muslim Social Services Kitchener Waterloo derives revenue from donations and various fundraising activities the completeness of which is not susceptible of satisfactory review analysis. Accordingly, our analysis of these revenues was limited to the amounts recorded in the records of the Muslim Social Services Kitchener Waterloo 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.

Qualified Opinion

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 the financial statements do not present fairly, in all material respects, the financial position of Muslim Social Services Kitchener Waterloo as at December 31, 2019 in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "R.A. Mirza". The signature is written in a cursive style with a horizontal line underneath the name.

Mississauga, Ontario

April 3, 2020

Authorized to Practice Public Accounting by the

Chartered Professional Accountants of Ontario

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF FINANCIAL POSITION (Unaudited)

DECEMBER 31, 2019

	ASSETS	
	2019	2018
CURRENT ASSETS		
Cash	\$ 149,392	\$ 189,009
Grants receivable	-	45
Harmonized sales tax recoverable	726	532
Prepaid expenses	<u>345</u>	<u>345</u>
	150,463	189,931
PROPERTY AND EQUIPMENT (note 2)	<u>122</u>	<u>174</u>
	<u>\$ 150,585</u>	<u>\$ 190,105</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 3)	\$ 3,742	\$ 3,464
Amounts held in trust	-	45,000
Deferred grants (note 4)	<u>94,260</u>	<u>108,603</u>
	98,002	157,067
NET ASSETS	<u>52,583</u>	<u>33,038</u>
<u><i>mahmud shiblee</i></u> , Director	<u>\$ 150,585</u>	<u>\$ 190,105</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, 2019

	2019	2018
REVENUE		
Grants	\$ 151,688	\$ 84,801
Social assistance	12,993	11,605
General donations	1,696	7,590
Other revenue	<u>120</u>	<u>2,476</u>
	<u>166,497</u>	<u>106,472</u>
EXPENSES		
Salaries and benefits - programs	75,965	45,342
Programs costs	42,052	19,084
Social assistance	10,583	9,311
Legal and professional fees	6,100	6,100
Salaries and benefits - administration	4,502	16,060
Occupancy costs	4,019	2,856
Insurance Expense	1,767	1,649
Office and general expenses	1,178	1,457
Fees and dues	583	668
Bank charges	151	176
Amortization of property and equipment	<u>52</u>	<u>75</u>
	<u>146,952</u>	<u>102,778</u>
EXCESS OF REVENUE OVER EXPENSES		
FOR THE YEAR	<u>\$ 19,545</u>	<u>\$ 3,694</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, 2019

	2019	2018
NET ASSETS, BEGINNING OF YEAR	\$ 33,038	\$ 29,344
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>19,545</u>	<u>3,694</u>
NET ASSETS, END OF YEAR	<u>\$ 52,583</u>	<u>\$ 33,038</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, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 19,545	\$ 3,694
Items not affecting cash		
Amortization of property and equipment	52	75
Net change in non-cash working capital components related to operations		
Decrease in grants receivable	45	1,555
Increase in harmonized sales taxes recoverable	(194)	(113)
Increase in prepaid expenses	-	(50)
Increase (decrease) in accounts payable and accrued liabilities	278	(324)
Increase (decrease) in deferred grants	<u>(14,343)</u>	<u>65,113</u>
	<u>5,383</u>	<u>69,950</u>
FINANCING ACTIVITIES		
(Decrease) increase amounts held in trust	<u>(45,000)</u>	<u>45,000</u>
INCREASE (DECREASE) IN CASH	(39,617)	114,950
CASH, BEGINNING OF YEAR	<u>189,009</u>	<u>74,059</u>
CASH, END OF YEAR	<u>\$ 149,392</u>	<u>\$ 189,009</u>

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

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

DECEMBER 31, 2019

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

These financial statements present, in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook, the assets, liabilities, fund balances, revenue, expenses and cash flows of the Charity.

Significant accounting policies are summarized as follows:

(a) Cash and cash equivalents

The Charity considers deposits in bank and short term investments with a short maturity of approximately three months or less from the date of acquisitions and which are primarily held for for operating purposes as cash.

(b) Property and equipment

Purchased property and equipment are valued at cost. Contributed property and equipment are recorded at fair value at the date of contribution.

Amortization is calculated on the diminishing balance method at the following annual rates:

Computer equipment	30%
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(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.

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(Unaudited)

(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.

Financial assets measured at amortized cost on straight-line basis include cash.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

(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. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Adjustments are reported in earnings in the period in which they become known. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment and accrued liabilities. Actual results could differ from those estimates.

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS (Unaudited)

DECEMBER 31, 2019

2. PROPERTY AND EQUIPMENT

	2019			2018
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 1,018	\$ 896	\$ 122	\$ 174
	<u>\$ 1,018</u>	<u>\$ 896</u>	<u>\$ 122</u>	<u>\$ 174</u>

Amortization expense for the year amounted to \$52 (2018 - \$75).

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include payroll taxes in the amount of \$924 (2018 - \$970).

4. DEFERRED GRANTS

	2019	2018
Deferred Grants, beginning of year	\$ 108,603	\$ 43,490
Grants received during the year	<u>137,345</u>	<u>149,914</u>
	245,948	193,404
Amount recognized in grants revenue during the year	<u>151,688</u>	<u>84,801</u>
Deferred grant, end of year	<u>\$ 94,260</u>	<u>\$ 108,603</u>

Lyle S. Hallman Foundation approved total grant of \$214,654 for the Charity in 2018. The purpose of the grant is to organize programs for newcomers & refugees' children ages 6 and under. This program will assist newcomers in adjusting to the Canadian society, connecting with peers, and becoming active participants in the community. The grant will be provided in three installments over three years period, first installment of \$84,602 was received in November of 2018, second installment of \$94,260 was received in December of 2019. The unspent grant has been deferred and will be recognized as revenue as the related programs are delivered 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, 2019 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. There has been no change in the risk assessment from 2018.

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. There has been no change in the risk assessment from 2018.

Market Risk

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate as a result of market factors. Market factors include 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 instruments will fluctuate because of changes in foreign exchange rates. The Charity is not exposed to any significant currency risk. There has been no change in the risk assessment from 2018.

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. There has been no change in the risk assessment from 2018.

Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments 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 factor affecting all similar financial instruments traded in the market. The company is not exposed to other price risk. There has been no change in the risk assessment from 2018.

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

DECEMBER 31, 2019

6. SUBSEQUENT EVENTS

Subsequent to year ended December 31, 2019, the COVID-19 pandemic has caused significant and negative impact to the global financial market. The Charity continues to monitor and assess the impact on its business activities. The potential impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

7. 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 2019. Excess of revenue over expenses for the previous year is not affected by this reclassification.