

WORLD ISLAMIC MISSION CANADA INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

(Unaudited)

WORLD ISLAMIC MISSION CANADA INC.

SEPTEMBER 30, 2016

CONTENTS

	<u>Page</u>
Review Engagement Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Operations and Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9

REVIEW ENGAGEMENT REPORT

To the Board of Directors
WORLD ISLAMIC MISSION CANADA INC.
Oakville, Ontario

We have reviewed the statement of financial position of **World Islamic Mission Canada Inc.** as at **September 30, 2016** and the statements of operations and 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 company.

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

In common with many charitable organizations, the organization derives part of its revenues from donations, the completeness of which is not susceptible of satisfactory verification. Accordingly, our verification of donations was limited to amounts recorded in the records of the organization and we are not able to determine whether any adjustments might be necessary to revenues, statements of financial position, operations and net assets, and cash flows.

Except for the possible effects of the matter described in the preceding paragraph, based on our review 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
February 23, 2017


NAWAZ TAUB & WASSERMAN LLP
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

WORLD ISLAMIC MISSION CANADA INC.
STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

As at,	September 30, 2016	September 30, 2015
Assets		
Current		
Cash	\$ 373,457	\$ 68,525
HST receivable	23,328	215,940
	396,785	284,465
Non-current		
Others assets	1,001	-
Deposits (Note 2)	1,259,500	1,259,500
Property and equipment (Note 3)	5,081,582	4,334,504
	6,738,868	5,878,469
Liabilities		
Current		
Account payable and accrued liabilities	227,671	924,206
Loans payable (Note 4)	52,000	174,000
	279,671	1,098,206
Non-current		
Loans payable (Note 4)	2,698,222	1,795,222
Net Assets		
Unrestricted	3,760,975	2,985,041
	\$ 6,738,868	\$ 5,878,469

Commitments (Note 6)

Approved on behalf of the Board:



Director

See notes to financial statements

WORLD ISLAMIC MISSION CANADA INC.
STATEMENT OF OPERATIONS AND NET ASSETS
(UNAUDITED)

For the Year Ended September 30,	2016	2015
Revenue		
Donations	\$ 1,131,750	\$ 870,285
HST Recovery	72,990	215,941
	1,204,740	1,086,226
Expenses		
Salaries and wages	148,375	134,957
Office and general	39,311	24,875
Programme	38,035	45,753
Maintenance	37,740	35,510
Advertising	36,227	65,092
Professional fees	24,241	33,505
Financial Assistance (Sadaqa/Zakaat)	24,041	22,743
Utilities	18,484	9,278
Printing and supplies	17,825	28,417
Bank charges and credit card charges	12,326	33,530
Finance charges	11,112	7,844
Fundraising	9,976	7,678
Amortization	11,113	12,695
	428,806	461,877
Excess of revenue over expenses	775,934	624,350
Net Assets, beginning of year	2,985,041	2,360,692
Net Assets, end of year	\$ 3,760,975	\$ 2,985,041

See notes to financial statements

WORLD ISLAMIC MISSION CANADA INC.
STATEMENT OF CASH FLOWS
(UNAUDITED)

For the Year Ended September 30,	2016	2015
Operating Activities		
Excess of revenue over expenses	\$ 775,934	\$ 624,350
Items not involving cash:		
Amortization	11,113	12,695
	787,047	637,045
Changes in non-cash operating working capital items:		
HST receivable	192,612	(193,369)
Accounts payable and accrued liabilities	(696,535)	901,168
Prepays	-	(3,923)
	(503,923)	703,876
Cash Flow from Operating Activities	283,124	1,340,921
Investing Activities		
Building (in development)	(758,191)	(2,330,199)
Deposits	-	(178,458)
Other assets	(1,001)	-
Cash Flow from Investing Activities	(759,192)	(2,508,656)
Financing Activities		
Commitment fees	-	41,331
Loans payable	781,000	1,156,833
Cash Flow from Financing Activities	781,000	1,198,164
Change in cash	304,932	30,429
Cash, beginning of year	68,525	38,096
Cash, end of year	\$ 373,457	\$ 68,525

See notes to financial statements

WORLD ISLAMIC MISSION CANADA INC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(UNAUDITED)

DESCRIPTION OF ORGANIZATION

World Islamic Mission Canada Inc. (the "organization") was incorporated without share capital on September 29, 1995 in Ontario. Its purpose is to provide religious support and education to the local community. The organization qualifies as a registered charity which is exempt from income taxes under the Income Tax Act.

1. ACCOUNTING POLICIES

Basis of Presentation

These financial statements are prepared in accordance with Part III of the CPA Canada Handbook – Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Use of Estimates

The preparation of the financial statements in conformity 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful lives of the capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically, and when adjustments become necessary, they are reflected in earnings in the period in which they become known.

Revenues

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

Donated services are not recognized as these are not capable of reasonable estimation.

Property and Equipment

Equipment is stated at cost and is amortized over their estimated useful lives at the undernoted rates and methods:

Building	-	5% declining balance
Furniture & Fixtures	-	20% declining balance
Computers	-	30% declining balance

There was no amortization taken on building (in development) as the asset is not ready for use.

WORLD ISLAMIC MISSION CANADA INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(UNAUDITED)

Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. Subsequently all financial assets and liabilities are measured at cost or amortized cost except for investment in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

The Organization's financial assets consist of cash. The Organization's financial liabilities consist of accounts payable, accrued liabilities and loans payable. The Organization has elected to measure all financial instruments at cost or amortized cost.

Transaction costs for financial instruments that will be subsequently measured at fair value are expensed as incurred. Transaction costs that are directly attributable to the acquisition of financial instruments that will not be measured subsequently at fair market value are capitalized. No transaction costs were incurred during the year.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement provided that 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 net income.

Charitable Donations and Other Fundraising

World Islamic Mission Canada Inc. and its members benefit from the efforts of many volunteers. It is not practical to quantify the value of these services, and therefore, no amounts are shown in these financial statements for the value of their services. Travel and subsistence costs incurred by numerous volunteers in carrying out their duties are paid for by World Islamic Mission Canada Inc.

Marketing and membership solicitation expenditures are expensed as incurred.

2. DEPOSITS

The deposit of \$ 1,081,042 was paid to the Town of Oakville for the construction of the new building in 2015 which will be refunded after the satisfactory completion of the construction project less any additional charges subject to the inspection by the Town of Oakville.

The deposit of \$ 178,458 was paid to the builder which will be set off against the cost of land servicing at completion.

WORLD ISLAMIC MISSION CANADA INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(UNAUDITED)

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
Land	\$ 461,100	\$ -	\$ 461,100	\$ 461,100
Building	329,731	194,063	135,668	142,807
Building (in development)	4,470,920	-	4,470,920	3,712,729
Equipment	47,049	35,949	11,100	13,876
Computer	6,708	3,914	2,794	3,991
	\$ 5,315,508	\$ 233,926	\$ 5,081,582	\$ 4,334,504

Impairment of long-lived assets

Property and equipment are reviewed for impairment whenever events and changes in the circumstances indicate that the carrying value may not be recoverable. If the total of estimated undiscounted future cash flows is less than the carrying value of the asset impairment loss is recognized for the excess of carrying value over the fair value of the asset. No impairment loss is recognized during the year.

4. LOANS PAYABLE

In 2015, the Organization was sanctioned a loan of \$2,000,000 from a reputed credit union for development of its premises. The loan is to be repayable in two years (extendable to five years) at the credit union's prime rate plus 3% per annum and is secured with the land and guaranteed by eight committee members and two supporters with a liability of \$200,000 each.

The organization is not in compliance with certain financial covenants and reporting requirements, the lender is aware of this and has waived its right to demand repayment at this time.

The remaining loan amount of \$750,222 is payable to individuals who have funded the security deposit for the construction of the building. Interest cost is reimbursed to the individuals who have borrowed and funded to the organization. Loans in the amount of \$560,222 are interest free and on the loans for \$190,000 interest will be paid at various rates upon demand. These loans will be repaid to the individuals within three years from the year end.

	2016	2015
Balance, beginning of the year	\$ 969,222	\$ 762,389
Add: amounts received during the year	349,323	1,577,833
Less: amounts repaid during the year	568,323	371,000
Balance, end of the year	750,222	969,222
Less: Current portion	52,000	174,000
Non-Current portion	\$ 698,222	\$ 795,222

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
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5. FINANCIAL INSTRUMENTS

Risk management policy

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the statement of financial position date, September 30, 2016.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. The Organization minimizes the credit risk of cash by keeping cash with credit worthy financial institutions.

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 funds from its operations to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

Interest Rate Risk

Interest rate risk is the risk that future cash flows associated with its financial instruments, will fluctuate with the changes in the market rate of interest. The Organisation is exposed to interest rate risk on its variable interest (loans) financial instruments. Fixed-interest instruments subject the organisation to a fair value interest rate risk, while the variable-interest instruments subject it to a cash flow interest rate risk. There are no derivative financial instruments to mitigate the risk.

Currency Risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Organization is not exposed to any significant foreign currency risk.

Other Price Risk

Equity and other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk). The Organization is not subject to significant equity and other price risk.

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(UNAUDITED)

6. COMMITMENTS

The Organization has entered into a construction contract. The commitment for Phase 1 is for \$ 13.5 million plus applicable taxes over a period of two years which began on May 1, 2015. Payments are disbursed to the contractor based on progressive billings and on the work being certified. However, no construction was performed from December 2015 to September 2016 and the contract will be extended to exclude the months where no work was performed and will reflect current pricing. As of the year end, construction costs of \$ 3.0 million have been incurred.

For Phase 1, the organization is committed to pay monthly architectural fees of \$2,583 plus applicable taxes over a period of 24 months which began on August 4, 2015. Future required payments are as follows:

2017	\$ 25,830
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The architectural fees for Phase 2 will be \$ 38,000 plus applicable taxes and paid on monthly basis over the term depending on the contractual term to be finalized.

7. COMPARATIVE FINANCIAL INFORMATION

Certain amounts of the prior year have been reclassified to conform to current year presentation.