



Grant Thornton

Financial Statements

Islamic Society of North America - Canada
(ISNA - Canada)

December 31, 2023

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Independent Auditor's Report

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To the Members of
Islamic Society of North America Canada (ISNA - Canada)

Qualified opinion

We have audited the financial statements of Islamic Society of North America - Canada (ISNA - Canada) (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for qualified opinion

In common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets at December 31, 2023 and 2022, and fund balances as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Mississauga, Canada
June 23, 2024

Chartered Professional Accountants
Licensed Public Accountants

Islamic Society of North America - Canada (ISNA - Canada)

Statement of Financial Position

December 31

2023

2022

Assets

Current

Cash	\$ 2,211,982	\$ 2,112,223
Accounts receivable	243,882	324,752
HST receivable	248,152	160,964
Cemetery properties	402,323	1,060,304
Prepaid expenses	-	27,488
Security deposit	<u>35,500</u>	<u>35,500</u>
	3,141,839	3,721,231
Property and equipment (Note 3)	<u>16,160,564</u>	<u>14,740,282</u>
	<u>\$ 19,302,403</u>	<u>\$ 18,461,513</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 474,947	\$ 173,583
Property loan payable (Note 4)	<u>1,000,000</u>	<u>1,000,000</u>
	1,474,947	1,173,583
Property loan payable (Note 4)	1,777,727	2,634,177
Deferred capital contributions (Note 5)	<u>857,483</u>	<u>529,555</u>
	<u>4,110,157</u>	<u>4,337,315</u>
Net assets		
General fund	1,666,892	2,547,648
Capital fund	12,525,354	10,576,550
Emergency operating fund	<u>1,000,000</u>	<u>1,000,000</u>
	<u>15,192,246</u>	<u>14,124,198</u>
	<u>\$ 19,302,403</u>	<u>\$ 18,461,513</u>

On behalf of the Board of Directors



Director

Mostafa Soliman



Director

Absal Abdulhafedh

See accompanying notes to the financial statements.

Islamic Society of North America - Canada (ISNA - Canada)

Statement of Revenue and Expenses

Year ended December 31

2023

2022

Revenue		
Donations	\$ 3,411,545	\$ 3,361,750
Programs and services	3,223,511	2,304,989
Grave sales	1,157,650	1,034,100
Rental income	532,812	482,970
Government assistance	<u>-</u>	<u>10,000</u>
	<u>8,325,518</u>	<u>7,193,809</u>
Expenses		
Salaries and wages	2,311,212	1,664,787
Programs and services	2,204,214	1,447,643
Grave costs	657,981	631,130
Amortization	639,064	588,894
Repairs and maintenance	328,699	310,128
Office and general	273,607	168,673
Bank charges and other fees	261,715	289,942
Insurance	171,122	106,172
Utilities	145,300	130,917
Professional fees	124,832	150,456
Outreach expenses	71,293	-
Communications	47,328	72,966
Property taxes	<u>21,103</u>	<u>19,845</u>
	<u>7,257,470</u>	<u>5,581,553</u>
Excess of revenue over expenses	<u>\$ 1,068,048</u>	<u>\$ 1,612,256</u>

See accompanying notes to the financial statements.

Islamic Society of North America - Canada (ISNA - Canada)

Statement of Changes in Net Assets

Year ended December 31, 2023

	General Fund	Capital Fund	Emergency Operating Fund	Total 2023	Total 2022
Net assets, beginning of year	\$ 2,547,648	\$ 10,576,550	\$ 1,000,000	\$ 14,124,198	\$ 12,511,942
Excess (deficiency) of revenue over expenses	1,707,112	(639,064)	-	1,068,048	1,612,256
Repayment of property loan payable	(856,450)	856,450	-	-	-
Funding received for property and equipment	327,928	(327,928)	-	-	-
Purchase of property and equipment	<u>(2,059,346)</u>	<u>2,059,346</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,666,892</u>	<u>\$ 12,525,354</u>	<u>\$ 1,000,000</u>	<u>\$ 15,192,246</u>	<u>\$ 14,124,198</u>

See accompanying notes to the financial statements.

Islamic Society of North America - Canada (ISNA - Canada)

Statement of Cash Flows

Year ended December 31

2023

2022

Cash flows provided by (used in)

Operating

Excess of revenue over expenses	\$ 1,068,048	\$ 1,612,256
Items not involving cash		
Forgivable portion of the CEBA loan payable	-	(10,000)
Amortization	639,064	588,894
Imputed interest on property loan payable	<u>143,550</u>	<u>176,095</u>

	1,850,662	2,367,245
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Change in non-cash working capital items

Accounts receivable	80,870	(39,223)
HST receivable	(87,188)	(76,533)
Prepaid	27,488	(27,488)
Cemetery properties	657,981	623,974
Accounts payable and accrued liabilities	<u>301,364</u>	<u>(82,353)</u>

	<u>2,831,177</u>	<u>2,765,622</u>
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Investing

Purchase of property and equipment	(2,059,346)	(1,967,683)
Deferred capital contributions received	<u>327,928</u>	<u>529,555</u>

	<u>(1,731,418)</u>	<u>(1,438,128)</u>
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Financing

Repayment of property loan payable	<u>(1,000,000)</u>	<u>(1,000,000)</u>
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Increase in cash	99,759	327,494
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Cash, beginning of year	<u>2,112,223</u>	<u>1,784,729</u>
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Cash, end of year	<u>\$ 2,211,982</u>	<u>\$ 2,112,223</u>
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See accompanying notes to the financial statements.

Islamic Society of North America Canada (ISNA – Canada)

Notes to the Financial Statements

December 31, 2023

1. Purpose of the organization

Islamic Society of North America - Canada (ISNA - Canada) (the "Organization") is a not-for-profit organization incorporated on September 13, 1982 through letters of patent under the Minister of Consumer and Corporate Affairs, and continued federally under the Canada Not-for-Profit Corporations Act since October 16, 2014. The Organization is a registered charity and is exempt from the payment of income taxes under the Income Tax Act.

The Organization's principal purpose is to build Islamic centers, mosques, and Islamic schools, facilitate daily prayers, hold annual conventions and conferences, seminars and workshops propagating Islam for better understanding between Muslims and non-Muslims in Canada, provide Muslim burial services, provide Islamic programming, Halal certification and provide community social assistance to relieve poverty.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The significant accounting policies selected by the Organization and applied in these financial statements are summarized below. Note that all accounting policies applied are consistent in nature with prior years.

Funds

The accounts are maintained whereby net assets of the Organization are classified for accounting and reporting purposes into funds to be used as determined by the Organization.

General Fund

The General Fund reflects all general programs and activities, other than those activities listed below.

Capital Fund

The Capital Fund reflects the assets, liabilities, revenue and expenses related to the Organization's property and equipment.

Emergency Operating Fund

The Emergency Operating Fund consists of funds set aside by the Board of Directors (the "Board") to fund operations if revenue or expenses are adversely impacted in the near future.

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Organization's financial instruments are comprised of cash, accounts receivable, accounts payable, and property loan payable.

Financial assets and liabilities are initially recorded at its fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost. For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indicators of impairment. Any impairment loss is recognized in the statement of revenue and expenses.

Islamic Society of North America Canada (ISNA – Canada)

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Revenue recognition

The Organization follows the deferral method of accounting for externally restricted contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Externally restricted contributions received for the purchase of capital assets are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization of the related asset. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Programs and services are recognized in the period that the programs occur, or the services are rendered. Rental income is recognized over the term of the rental.

Contributed materials and services

Contributed materials are recognized in revenue if the fair market value is reasonably determinable and the good would otherwise be purchased as part of normal operations of the Organization. Volunteers contribute a substantial number of hours each year to assist the Organization in carrying out its mission. Because of the difficulty in determining the fair market value, contributed services are not recognized in the financial statements.

Cemetery properties

Cemetery properties consist of land and land development costs incurred attributable to specific grave lots. These costs are expensed when the grave lots are sold.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis as follows:

Buildings	25 years
Leasehold improvements	10 years
Furniture and fixtures	5 years
Motor vehicles	3 years

Property and equipment are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of revenue and expenses. Any impairment recognized is not reversed.

Islamic Society of North America Canada (ISNA – Canada)

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Management's estimates relate to the allowance for doubtful accounts, estimated useful lives of property and equipment, estimated rate of interest for discounting property loan payable and certain accruals.

These estimates are reviewed periodically and adjustments are made to the excess of revenue over expenses as appropriate in the year they become known.

3. Property and equipment

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1,752,544	\$ -	\$ 1,752,544	\$ 1,752,544
Buildings	17,448,950	3,983,730	13,465,220	12,498,495
Leasehold improvements	924,144	106,899	817,245	359,475
Furniture and fixtures	232,475	106,920	125,555	129,768
Motor vehicles	<u>24,369</u>	<u>24,369</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,382,482</u>	<u>\$ 4,221,918</u>	<u>\$ 16,160,564</u>	<u>\$ 14,740,282</u>

Included in buildings is \$3,966,989 (2022 - \$2,460,986) of assets that are not yet in use and thus, amortization will not commence until the asset is in use.

Islamic Society of North America Canada (ISNA – Canada)

Notes to the Financial Statements

December 31, 2023

4. Property loan payable

	<u>2023</u>	<u>2022</u>
Loan with the Islamic Co-operative Housing Corporation Ltd. (IHC), secured by the land and building at 2200 South Sheridan Way, Mississauga, Ontario, non-interest bearing, payable in annual installments of \$1,000,000 due on the 31st of December of each year.	\$ 3,000,000	\$ 4,000,000
Less: present value discount of 3.95%	<u>(222,273)</u>	<u>(365,823)</u>
	2,777,727	3,634,177
Less: current portion	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 1,777,727</u>	<u>\$ 2,634,177</u>

Minimum principal repayments over the next three fiscal years are as follows:

2024	1,000,000
2025	1,000,000
2026	1,000,000

Included in bank charges and other fees is \$143,550 (2022 - \$176,094) of imputed interest on the property loan payable.

5. Deferred capital contributions

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 529,555	\$ -
Deferred capital contributions received	<u>327,928</u>	<u>529,555</u>
Balance, end of year	<u>\$ 857,483</u>	<u>\$ 529,555</u>

Deferred capital contributions above relate to externally restricted contributions received for the construction of the Yellowknife project (Masjid) and improvement of the Youth Hub in Mississauga and will be recognized as revenue on the same basis as the amortization of the related assets once the projects are completed and assets are in use.

Islamic Society of North America Canada (ISNA – Canada)

Notes to the Financial Statements

December 31, 2023

6. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. It is management's opinion that the Organization is not exposed to significant currency and other price risks arising from its financial instruments. The risks are consistent with those from prior year.

Credit risk

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment that it has entered into with the Organization. The Organization's main credit risks relate to its accounts receivable.

The Organization reduces its exposure to credit risk by ensuring that it reviews the credit history of new customers before contracting with them, conducts regularly reviews of customers' credit performance and creates an allowance for doubtful accounts when appropriate. As at December 31, 2023, the allowance for doubtful accounts is \$Nil (2022 - \$Nil).

Liquidity risk

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

The Organization manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations.

Interest rate risk

Interest rate price risk is the risk that the fair value of an interest-bearing financial instrument will fluctuate due to changes in market interest rates. The Organization's exposure to interest rate price risk is limited to its fixed non-interest-bearing property loan payable.

7. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.