

**MUSLIM SOCIAL SERVICES KITCHENER WATERLOO**

**Financial Statements**

**Year Ended December 31, 2022**

*Draft for discussion purposes only*

Prepared by	Reviewed by

**MUSLIM SOCIAL SERVICES KITCHENER WATERLOO**

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**Year Ended December 31, 2022**

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**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

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To the Members of Muslim Social Services Kitchener Waterloo

I have reviewed the accompanying financial statements of Muslim Social Services Kitchener Waterloo (the organization) that comprise the statement of financial position as at December 31, 2022, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*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 (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.

*Practitioner's Responsibility*

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is 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, I do not express an audit opinion on these financial statements.

*Basis for Qualified Conclusion*

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to me obtaining evidence I considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2022, current assets and net assets as at December 31, 2022. My review conclusion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation of scope.

(continues)

Independent Practitioner's Review Engagement Report to the Members of Muslim Social Services Kitchener  
Waterloo (*continued*)

*Qualified Conclusion*

Based on my review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to my attention that causes me 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, 2022, 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)

Mississauga, Ontario  
July 12, 2023

R.A. Mirza Professional Corporation  
Chartered Professional Accountant  
Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

Draft for discussion purposes only

**MUSLIM SOCIAL SERVICES KITCHENER WATERLOO**

**Statement of Financial Position**

**December 31, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 552,078	\$ 253,371
Accounts receivable	-	913
Harmonized sales tax recoverable	941	830
Prepaid expenses	384	380
	<u>553,403</u>	255,494
PROPERTY, PLANT AND EQUIPMENT (Note 4)	452	645
CREDIT UNION SHARES - COST	25	-
	<u>\$ 553,880</u>	<u>\$ 256,139</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 5,805	\$ 3,890
Employee deductions payable	2,916	4,476
Deferred grants (Note 5)	323,602	161,200
	<u>332,323</u>	169,566
NET ASSETS	<u>221,557</u>	86,573
	<u>\$ 553,880</u>	<u>\$ 256,139</u>

LEASE COMMITMENTS (Note 7)

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

Printed: July 12, 2023 7:15 AM

Prep \_\_\_\_\_ Added \_\_\_\_\_ Approved \_\_\_\_\_

**MUSLIM SOCIAL SERVICES KITCHENER WATERLOO****Statement of Revenues and Expenditures****Year Ended December 31, 2022**

	2022	2021
<b>REVENUES</b>		
Grants <i>(Note 5)</i>	\$ 282,608	\$ 163,984
Social assistance	30,559	18,733
General donations	14,710	4,826
Counselling services	10,898	180
	<u>338,775</u>	<u>187,723</u>
<b>EXPENDITURES</b>		
Salaries and benefits	122,173	103,936
Program cost	50,078	22,073
Social assistance	11,197	10,245
Occupancy costs	6,262	7,844
Sub-contracts	4,048	3,565
Legal and professional fees	3,400	3,600
Fees and dues	2,250	1,038
Office and general expenses	2,006	832
Insurance	1,997	1,970
Bank charges	187	207
Amortization of property and equipment	193	705
	<u>203,791</u>	<u>156,015</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	<b>134,984</b>	<b>31,708</b>
OTHER INCOME	-	3,100
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 134,984</b>	<b>\$ 34,808</b>

**MUSLIM SOCIAL SERVICES KITCHENER WATERLOO**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2022**

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	<b>2022</b>	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 86,573</b>	\$ 51,765
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>134,984</b>	34,808
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 221,557</b>	\$ 86,573

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**MUSLIM SOCIAL SERVICES KITCHENER WATERLOO****Statement of Cash Flows****Year Ended December 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 134,984	\$ 34,808
Item not affecting cash:		
Amortization of property, plant and equipment	193	705
	<u>135,177</u>	<u>35,513</u>
Changes in non-cash working capital:		
Accounts receivable	913	(913)
Accounts payable	1,915	726
Deferred grants	162,402	17,010
Prepaid expenses	(4)	(11)
Harmonized sales tax payable	(111)	(410)
Employee deductions payable	(1,560)	3,239
	<u>163,555</u>	<u>19,641</u>
Cash flow from operating activities	<u>298,732</u>	<u>55,154</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(1,001)
Credit union shares	(25)	-
	<u>(25)</u>	<u>(1,001)</u>
Cash flow used by investing activities	<u>(25)</u>	<u>(1,001)</u>
<b>INCREASE IN CASH FLOW</b>	<b>298,707</b>	<b>54,153</b>
Cash - beginning of year	<u>253,371</u>	<u>199,218</u>
<b>CASH - END OF YEAR</b>	<b>\$ 552,078</b>	<b>\$ 253,371</b>



# MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

## Notes to Financial Statements

Year Ended December 31, 2022

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### 1. PURPOSE OF THE ORGANIZATION

Muslim Social Services Kitchener Waterloo (the "organization") is a not-for-profit organization of Ontario. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization operates to provide culturally and spiritually sensitive humanitarian and social services to the Muslims and non-Muslims communities of the Waterloo Region.

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### 2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

#### Revenue recognition

Muslim Social Services Kitchener Waterloo follows the deferral method of accounting for contributions.

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 receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

#### Government and other grants

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

#### Goods and services tax

Contributed materials and services are recoverable at 50% of General sales taxes ("GST") and 82% of Provincial sales taxes - Ontario ("PST-ON") as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

#### Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	30% declining balance method
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The organization regularly reviews its property, plant and equipment to eliminate obsolete items.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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# MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

## Notes to Financial Statements

Year Ended December 31, 2022

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Impairment of long lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

#### Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

#### Net assets

- a) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
- b) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, not of transfers, and are available for general purposes.

#### Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

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### 4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 2,678	\$ 2,226	\$ 452	\$ 645

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# MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

## Notes to Financial Statements

Year Ended December 31, 2022

### 5. DEFERRED GRANTS

Deferred revenue represents unspent grants revenue received in advance for the following year.

	2022	2021
Deferred grants, beginning of year	\$ 161,200	\$ 144,190
Grant received	445,010	180,994
Subtotal	606,210	325,184
Amount recognized in grants revenue during the year	(282,608)	(163,984)
Deferred grant, end of year	\$ 323,602	\$ 161,200

The organization received \$70,025 from Canadian Women's Foundation to assist the organization with capacity and support staff. The organization spent \$35,377 and the remaining amount has been deferred and will be used in next year.

Astley Foundation gave grants of \$35,000 and \$20,000 for "Youth Resilient" and "Caregiver and Teens Conflict Coaching" projects. The grant has been deferred and will be used in 2023.

\$15,000 grant received from United Way to support overall mission of the entity. The organization spent \$633 during the year and the remaining amount has been deferred to 2023 and will be used in 2023.

The organization received \$20,000 from Waterloo Community Foundation in December 2022 for the premiere of a new locally created LGBTQ2S + Theatre for young audience. The grant has been deferred and will be used in 2023.

The Immigration Partnership Council gave \$65,000 and \$20,000 to the organization to be used for an agreed with purposes. The grants have been deferred and will be used in 2023.

The Regional Municipality of Waterloo approved a grant of \$160,000, out of which \$110,000 was received during the year. The grant has been deferred and will be used in 2023.

### 6. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2022.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is not exposed to credit risk. There has been no change in the risk assessment from 2021.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is not exposed to this risk. There has been no change in the risk assessment from 2021.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is not exposed to any of these risks. There has been no change in the risk assessment from 2021.

#### Currency risk

(continues)

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

Notes to Financial Statements

Year Ended December 31, 2022

6. FINANCIAL INSTRUMENTS (continued)

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is not exposed to foreign currency exchange risk. There has been no change in the risk assessment from 2021.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is not exposed to interest rate risk. There has been no change in the risk assessment from 2021.

Unless otherwise noted, it is management’s opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

7. LEASE COMMITMENTS

The organization signed operating lease agreement with The Children Aid Society of the Regional Municipality of Waterloo for rental of premises in March 2022.

Future minimum annual payment requirements are as follows:

2023	\$ <u>1,878</u>
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