

**ISLAMIC CENTRE OF MARKHAM
(OPERATING AS MASJID DARUL IMAN)**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the directors of
Islamic Centre of Markham

Opinion

We have audited the financial statements of Islamic Centre of Markham, the Organization (Operating as Masjid Darul Iman), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, 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 effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit Organizations (ASNPO).

Basis for Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, sports revenue, and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues 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, sports, and fundraising revenues, deficiency of revenues over expenses, and cash flows from operations for the years ended December 31, 2024 and 2023, current and net assets as at December 31, 2024 and 2023. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 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.

INDEPENDENT AUDITOR'S REPORT, continued

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 and directors.
- ♦ Conclude on the appropriateness of management and directors' 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.

Woodbridge, Ontario
August 27, 2025

AGT Partners LLP
AGT Partners LLP
Licensed Public Accountants

ISLAMIC CENTRE OF MARKHAM

(Operating as Masjid Darul Iman)

Statement of Financial Position

December 31, 2024

	2024	2023
ASSETS		
Current		
Cash	\$ 353,411	\$ 183,337
Other receivables	3,280	98,035
Prepaid expenses	536	-
Government remittances receivable	29,348	35,296
	386,575	316,668
Property, plant and equipment (Note 3)	5,882,907	6,006,780
	\$ 6,269,482	\$ 6,323,448
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 114,617	\$ 286,045
Deferred contributions (Note 4)	545,997	388,800
Current portion of loans payable (Note 5)	65,000	114,125
	725,614	788,970
Loans payable (Note 5)	21,500	26,500
	747,114	815,470
NET ASSETS		
Net Assets	5,522,368	5,507,978
	\$ 6,269,482	\$ 6,323,448

ON BEHALF OF THE BOARD

Director

Director

ISLAMIC CENTRE OF MARKHAM

(Operating as Masjid Darul Iman)

Statement of Operations

Year ended December 31, 2024

	2024	2023
Revenues		
Donations - unrestricted general fund	\$ 777,445	\$ 940,715
Donations - restricted funds	351,536	415,073
Sports revenue	314,930	208,408
School fees	182,472	200,076
	1,626,383	1,764,272
Expenditures		
Salaries and related benefits	430,517	489,477
Zakat, sadaqah, and other campaign	351,536	415,073
Amortization of property, plant and equipment	198,347	176,858
Religious and educational programs	133,371	170,344
Cleaning services and supplies	121,189	127,784
Repairs and maintenance	114,192	226,871
Utilities	93,579	98,127
Merchant fees and bank charges	37,817	35,320
Professional fees	37,414	33,426
Office and general	35,660	33,287
Telecommunications	21,240	21,168
Insurance	16,391	15,431
Advertising and promotion	14,509	14,260
Donations	3,500	-
Security and parking services	2,731	252
Travel and automotive	-	12,752
	1,611,993	1,870,430
Excess (deficiency) of revenues over expenditures for the year	\$ 14,390	\$ (106,158)

ISLAMIC CENTRE OF MARKHAM

(Operating as Masjid Darul Iman)

Statement of Changes in Net Assets

Year ended December 31, 2024

	2024	2023
Net Assets - beginning of year	\$ 5,507,978	\$ 5,614,136
Excess (deficiency) of revenues over expenditures for the year	14,390	(106,158)
Net Assets - end of year	\$ 5,522,368	\$ 5,507,978

ISLAMIC CENTRE OF MARKHAM

(Operating as Masjid Darul Iman)

Statement of Cash Flows

December 31, 2024

	2024	2023
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures	\$ 14,390	\$ (106,158)
Adjustment for		
Amortization of property, plant and equipment	198,347	176,858
	212,737	70,700
Change in non-cash working capital items		
Other receivables	94,755	(83,717)
Prepaid expenses	(536)	2,955
Government remittances receivable	5,948	6,901
Accounts payable and accrued liabilities	(171,428)	140,394
Deferred contributions	157,197	211,233
Net Cash provided by operating activities	298,673	348,466
Cash flows from investing activity		
Purchase of property, plant and equipment	(74,474)	(486,132)
Cash flows from financing activity		
Repayment of loans payable	(54,125)	(40,000)
Increase (decrease) in cash	170,074	(177,666)
Cash - beginning of year	183,337	361,003
Cash - end of year	\$ 353,411	\$ 183,337

ISLAMIC CENTRE OF MARKHAM

(Operating as Masjid Darul Iman)

Notes to the Financial Statements

December 31, 2024

1. Nature of Operations

Islamic Centre of Markham is a charitable Organization incorporated without share capital in 2016 under the Canada Not-for-Profit Corporations Act. The Organization is dedicated to provide a place of worship for the Muslim community, a Community Centre, and provide programs that educate the community on Islamic knowledge. It operates under the name of Masjid Darul Iman.

The Organization is exempt from income tax under the Canadian Income Tax act. The Organization obtained its charitable status on April 11, 2019.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) *Revenue recognition*

The Organization 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.

Externally restricted contributions for the purchase of property, plant and equipment are netted against the property, plant and equipment and amortized on the same basis as the amortization expense related to the acquired property, plant and equipment. The Organization adopted this policy on January 1, 2023. Previously, contributions for capital projects were deferred and amortized at the same rate as the capital asset to which they pertained to. Both methods are allowed under the accounting framework applicable to the Organization. This change in policy did not impact the results of operations for the current and preceding period. The unamortized balance of deferred contributions related to capital assets at January 1, 2023 was applied to reduce the previously reported cost of capital assets.

Revenue for school fees, and other revenue are recognized when the services are rendered and reasonable assurance exists regarding the consideration to be received and ultimate collection.

Sports revenue is recognized when received.

Government grants are generally accounted for as restricted contributions unless there are no conditions for the type of expenditures they can be used for.

(b) *Property, plant and equipment*

Property, plant and equipment are recorded at cost. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

ISLAMIC CENTRE OF MARKHAM

(Operating as Masjid Darul Iman)

Notes to the Financial Statements

December 31, 2024

2. Summary of Significant Accounting Policies, continued

(b) *Property, plant and equipment, continued*

Building	4%
Furniture and fixtures	20%
Sports facility and equipment	15%
Computer hardware	20%

One-half the normal rate of amortization is applied in the year of acquisition of capital assets.

Any contributions received specifically for capital expenditures netted against the cost of such capital expenditures in the year these contributions are received.

(c) *Financial instruments*

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are measured at fair value.

Financial assets measured at amortized cost include cash, and other receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and loan payable.

(d) *Financial asset impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write-down reflects the difference between the carrying amount and the higher of:

- i) The present value of the future cash flows expected to be generated by the asset or group of assets, discounted using a current market rate of interest;
- ii) The amount that could be realized by selling the asset or group of assets;
- iii) The net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(e) *Contributed services*

Directors and volunteers contribute a significant amount of time each year in carrying out the Organization's activities, however, the value of their time is not recognized in these financial statements as fair market value cannot be reasonably determined.

ISLAMIC CENTRE OF MARKHAM

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Notes to the Financial Statements

December 31, 2024

2. Summary of Significant Accounting Policies, continued

(f) Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. Property, Plant and Equipment

			2024	2023
	Cost	Accumulated amortization	Net	Net
Land	\$ 2,100,000	\$ -	\$ 2,100,000	\$ 2,100,000
Building	3,751,466	410,464	3,341,002	3,479,815
Furniture and fixtures	135,389	49,097	86,292	87,242
Sports facility and equipment	261,908	52,561	209,347	219,458
Computer hardware	26,240	8,456	17,784	22,230
Construction in progress	128,482	-	128,482	98,035
	\$ 6,403,485	\$ 520,578	\$ 5,882,907	\$ 6,006,780

4. Deferred Contributions

	Balance, beginning of year	Received	Recognized	Balance, end of year
Zakat and fitra	\$ 28,582	\$ 101,350	\$ (109,263)	\$ 29,725
Sadaqah for Poor	56,924	90,007	(112,450)	34,481
Other Campaign Funds	303,294	494,291	(315,794)	481,791
	\$ 388,800	\$ 685,648	\$ (537,507)	\$ 545,997

In 2022, the Organization had received Government funding of \$105,820. \$40,532 was included in the balance of deferred contributions. These funds were partially spent as at in 2023 and 2024 fiscal. An extension has been obtained to utilize these funds in 2025.

During the year, the Organization received a grant in the amount of \$92,691. The grant was not utilized during the year, therefore, the entire balance of this grant is included in deferred contribution. These funds are expected to be utilized during the next fiscal.

ISLAMIC CENTRE OF MARKHAM

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Notes to the Financial Statements

December 31, 2024

5. Loans Payable

	2024	2023
Unsecured, non-interest bearing, and due on demand loans from members. The lenders have agreed not to demand repayments in the amount of \$21,500 until after December 31, 2025.	\$ 86,500	\$ 140,625
Less current portion	65,000	114,125
Due beyond one year	\$ 21,500	\$ 26,500

6. Contingent Liabilities

In 2023, an employee of the Organization had claimed that he was forced to work while injured, bullying and non-payment of commissions. The employee had threatened to take this matter to the Ontario Human Rights Commission to redress his grievances. Various discussions were held with the employee and legal advice had been obtained on this matter. The Organization had made a provision in the amount of \$45,000 for a settlement of this matter. No resolution has been reached yet. The Board of Directors are of the view that the outcome of the matter is still uncertain and the estimated provision is appropriate.

7. Financial Instruments

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency, liquidity, market or credit risks arising from its financial instruments.

(a) Liquidity risk

Liquidity risk is the risk the Organization may not be able to meet its obligations. The Organization manages this risk by maintaining sufficient cash on hand to settle obligations as they arise. In the opinion of management the liquidity risk exposure to the Organization is low and is not material.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization reduces its exposure to credit risk by constantly monitoring its accounts receivable and creating an allowance for bad debts when applicable. In the opinion of management the credit risk exposure to the Organization is low and is not material.

The Organization's cash is also subject to credit risk. The Organization minimizes its risk by maintaining cash with two major financial institutions.

(c) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates.

ISLAMIC CENTRE OF MARKHAM

(Operating as Masjid Darul Iman)

Notes to the Financial Statements

December 31, 2024

8. Government Assistance

During the year the Organization received a grant from Employment and Social Development Canada for hiring summer interns. The amount received \$66,733 (2023 - \$48,798) has been offset against Salaries and related benefits in the Statement of Operations.

9. Comparative Amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.