



Financial Statements

**MUSLIM SOCIAL SERVICES KITCHENER
WATERLOO**

December 31, 2023

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO
December 31, 2023

Table of contents

INDEPENDENT AUDITOR’S REPORT.....1-2

FINANCIAL STATEMENTS

Statement of Financial Position.....3

Statement of Operations.....4

Statement of Changes in Net Assets.....5

Statement of Cash Flows.....6

Notes to Financial Statements.....7-12





SRCO Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants
Park Place Corporate Centre
15 Wertheim Court, Suite 409
Richmond Hill, ON L4B 3H7
Tel: 905 882 9500 & 416 671 7292
Fax: 905 882 9580
Email: info@srco.ca
www.srco.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Muslim Social Services Kitchener Waterloo

Qualified Opinion

We have audited the financial statements of Muslim Social Services Kitchener Waterloo (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and 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* section of our report, 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 ended December 31, 2023 in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations 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, excess of revenue over expenditures, and cash flows from operations for the year ended December 31, 2023, current assets as at December 31, 2023, and net assets as at January 1, 2023 and December 31, 2023. The predecessor practitioner's conclusion 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 audit opinion.

Other Matter

The financial statements for the year ended December 31, 2022 were unaudited and reviewed by another practitioner who expressed a qualified conclusion on those financial statements on July 18, 2023 for reasons described in the *Basis for Qualified Opinion* section.

Responsibilities of Management and Those Charged with Governance 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.

(continues)



Independent Auditor's Report to the Board of Directors of Muslim Social Services Kitchener Waterloo *(continued)*

Responsibilities of Management and Those Charged with Governance for the Financial Statements
(continued)

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.

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.

SRCO Professional Corporation

CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

Richmond Hill, Ontario
June 27, 2024

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	2023	2022
	\$	\$
	<i>(Unaudited)</i>	
ASSETS		
CURRENT		
Cash	789,853	552,078
Accounts receivable - fees, <i>no allowance</i>	7,060	—
Harmonized sales tax recoverable	2,665	941
Prepaid expenses	—	384
	799,578	553,403
Capital assets <i>[Note 3]</i>	2,170	452
Credit union shares - cost	25	25
	801,773	553,880
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	16,237	5,805
Government remittances payable	5,180	2,916
Deferred contributions <i>[Note 4]</i>	395,165	323,602
	416,582	332,323
Net assets		
Unrestricted	385,191	221,557
	801,773	553,880

Commitment *[Note 6]*

See accompanying notes

On behalf of the Board

_____ Director

_____ Director

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF OPERATIONS

Year ended December 31, 2023

	2023	2022
	\$	\$
		<i>(Unaudited)</i>
REVENUE		
Operating grants <i>[Note 4]</i>	324,982	282,608
Donations	46,378	14,710
Counseling service	28,680	10,898
Social assistance	22,155	30,559
Interest income	568	70
	422,763	338,845
EXPENDITURES		
Salaries and benefits	181,288	122,173
Program cost	42,426	61,277
Legal and professional fees	19,631	3,400
Occupancy costs	9,742	6,262
Office and general expenses	2,072	2,505
Insurance	2,044	1,997
Bank charges	996	2,006
Amortization	930	193
Sub-contracts	—	4,048
	259,129	203,861
Excess of revenue over expenditures	163,634	134,984

See accompanying notes

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2023

	<i>Unrestricted</i>	
	2023	2022
	\$	\$
	<i>(Unaudited)</i>	
NET ASSETS - BEGINNING OF YEAR	221,557	86,573
Excess of revenue over expenditures	163,634	134,984
NET ASSETS - END OF YEAR	385,191	221,557

See accompanying notes

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

STATEMENT OF CASH FLOWS

Year ended December 31, 2023

	2023	2022
	\$	\$
	<i>(Unaudited)</i>	
OPERATING ACTIVITIES		
Excess of revenue over expenditures	163,634	134,984
Amortization	930	193
	164,564	135,177
Change in non-cash working capital items		
Accounts receivable	(7,060)	913
Harmonized sales tax recoverable	(1,724)	—
Harmonized sales tax payable	—	(111)
Prepaid expenses	384	(4)
Accounts payable and accrued liabilities	10,432	1,915
Deferred contributions	71,563	162,402
Government remittances payable	2,264	(1,560)
Cash provided by operating activities	240,423	298,732
INVESTING ACTIVITIES		
Purchase of capital assets	(2,648)	—
Credit union shares	—	(25)
Cash used in investing activities	(2,648)	(25)
INCREASE IN CASH	237,775	298,707
CASH - BEGINNING OF YEAR	552,078	253,371
CASH - END OF YEAR	789,853	552,078

See accompanying notes

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. PURPOSE OF THE ORGANIZATION

Muslim Social Services Kitchener Waterloo (the "Organization") is a not-for-profit organization incorporated under the laws of Ontario on October 19, 2021.

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

The Organization is a registered Canadian charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as contained in Part III of the Chartered Professional Accountant Canada ("CPAC") Handbook. To the extent Part III of the CPAC Handbook does not address certain matters applicable to the Organization; it will use Canadian accounting standards for private enterprises contained in Part II of the CPAC Handbook.

Revenue recognition

The Organization follows the deferral method of accounting for 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. Unrestricted donations are recognized as revenue when received since pledges are not legally enforceable claims. Externally restricted contributions are recognized as revenue in the period that the related expenses are incurred.

Counseling services are recognized once the services are provided and collection is reasonably assured. Interest income is recognized in the period in which it is earned.

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

The Organization's policy is to present bank balances under cash.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives using the declining balance method at the following rate:

Computer equipment	30% declining balance
--------------------	-----------------------

Impairment of long-lived assets

The Organization reviews long-lived assets such as capital assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment of the carrying value of the assets exist and the carrying value is greater than the net recoverable value, an impairment loss is recognized to the extent that the fair value is below the carrying value.

Contributed materials and services

Volunteers contribute extensive time and effort to assist the Organization in carrying out its activities. Because of the difficulty in determining fair value, contributed materials and services are not recognized in the financial statements.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at cost or amortized cost includes cash and accounts receivable.

Financial liabilities measured at cost or amortized cost includes accounts payable and accrued liabilities.

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial instruments

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided 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 the statement of operations.

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 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 reporting period. Management reviews these estimates periodically and includes useful lives of capital assets and accruals. As adjustments become necessary, they are reported in the period that they become known. Actual results may vary from the current estimates.

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.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
	\$	\$	\$	\$
Computer equipment	5,327	3,157	2,170	452

(Unaudited)

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for expenses related to the subsequent period. Changes in the deferred contributions balance are as follows:

	2023	2022
	\$	\$
		<i>(Unaudited)</i>
Balance, beginning of year	323,602	161,200
Less: Amount recognized as revenue in the year	(324,982)	(282,608)
Plus: Grants received	396,545	445,010
Balance, end of year	395,165	323,602

During the year ended December 31, 2022 (*Unaudited*), the Organization received \$70,025 from Canadian Women's Foundation to assist the organization with capacity and support staff. The Organization recognized \$34,648 (2022 - \$35,377 (*Unaudited*)) as revenue during the year ended. The grant has been fully utilized as at December 31, 2023.

The Organization received grants from Astley Family Foundation of \$nil (2022 - \$35,000 (*Unaudited*)), \$25,000 (2022 - \$25,000 (*Unaudited*)) and \$45,000 (2022 - \$nil (*Unaudited*)) for the "Youth Resilient", "Caregiver and Teens Conflict Coaching" and "Hear Me Out" projects, respectively. The Organization recognized \$11,010 (2022 - \$413 (*Unaudited*)) as revenue during the year ended. As at December 31, 2023, the remaining balance of \$118,577 has been deferred.

The Organization received grants from United Way Waterloo Region Communities to support the overall mission of the Organization of \$25,000 (2022 - \$15,000 (*Unaudited*)). The Organization recognized \$39,367 (2022 - \$633 (*Unaudited*)) as revenue during the year ended. The grants have been fully utilized as at December 31, 2023.

During the year ended December 31, 2022 (*Unaudited*), the Organization received \$20,000 from Waterloo Region Community Foundation for the premiere of a new locally created LGBTQ2S + Theatre for young audience. The grant has been fully utilized as at December 31, 2023.

The Organization received grants from The Regional Municipality of Waterloo of \$110,000 (2022 - \$110,000 (*Unaudited*)) for the "Equity and Diversity" and "Upstream" projects. The Organization recognized \$104,374 (2022 - \$nil (*Unaudited*)) as revenue during the year ended. As at December 31, 2023, the remaining balance of \$115,626 has been deferred.

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

4. DEFERRED CONTRIBUTIONS (continued)

During the year ended December 31, 2022 (*Unaudited*), the Organization received \$85,000 from the Immigration Partnership Council and The Regional Municipality to be used for agreed purposes. The Organization recognized \$20,000 (2022 - \$nil (*Unaudited*)) as revenue during the year ended. As at December 31, 2023, the remaining balance of \$65,000 has been deferred.

The Organization received a grant from the Ontario Trillium Foundation of \$37,500 (2022 - \$nil (*Unaudited*)) for the “Resilient Communities” project. As at December 31, 2023, the full balance has been unutilized and deferred.

The Organization received a grant from Community Services Recovery Fund of \$30,000 (2022 - \$nil (*Unaudited*)) for the “Enhancing Organizational Resilience and Sustainability” project. The Organization recognized \$21,537 (2022 - \$nil (*Unaudited*)) as revenue during the year ended. As at December 31, 2023, the remaining balance of \$8,462 has been deferred.

The Organization received grants from Waterloo Region Community Foundation of \$25,000 (2022 - \$nil (*Unaudited*)), \$5,000 (2022 - \$nil (*Unaudited*)) and \$15,000 (2022 - \$nil (*Unaudited*)) for the “Mindful Community Gardening”, “Hear Me Out” and “Fostering Cultural Competency” projects, respectively. As at December 31, 2023, the full balance has been unutilized and deferred.

The Organization received a grant from The Corporation of the City of Kitchener of \$5,000 (2022 - \$nil (*Unaudited*)) for the “Thrive Together” project. As at December 31, 2023, the full balance has been unutilized and deferred.

These contributions are subject to fulfillment of certain conditions and commitments and eligibility criteria either explicitly or by implicit restrictions in the agreement.

5. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization’s risk exposure at the balance sheet date, December 31, 2023:

Credit Risk

Credit risk is the risk of a loss if counterparty to a financial instrument fails to meet its contractual obligations. The Organization is exposed to credit risk primarily from its cash and accounts receivable balances. The Organization manages its risk from cash balances by maintaining its accounts with credit worthy financial institutions.

MUSLIM SOCIAL SERVICES KITCHENER WATERLOO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

5. FINANCIAL INSTRUMENTS (continued)

Credit Risk (continued)

The Organization is subject to a concentration risk on its accounts receivable balance as 90% is receivable from one party. The Organization does not believe there is significant credit risk with respect to the accounts receivable as were received subsequent to the year end.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with the settlement of its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization manages its risk by regularly monitoring its cash flow requirements.

Interest Rate Risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is not exposed to interest rate risk as it does not have any significant interest-bearing financial instruments.

6. COMMITMENT

The Organization has entered into an operating lease agreement with The Children Aid Society of the Regional Municipality of Waterloo for rental of premises for \$850 per month expiring on June 30, 2024.

7. CAPITAL MANAGEMENT

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objective is to have sufficient liquid resources to continue operating despite adverse financial events. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2023, the Organization has met its objective of having sufficient liquid resources to meet its current obligations.

8. COMPARATIVE FIGURES

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