
Financial statements of Muslim Association of Canada

December 31, 2023

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Muslim Association of Canada
Statement of financial position
As at December 31, 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash		4,248,936	7,315,813
Accounts receivable	3	5,977,846	2,783,060
Deposits	4	668,260	1,008,199
Short-term investments	5	1,594,306	1,569,013
Inventory		140,070	79,643
Prepaid and sundry		223,786	215,369
Loans receivable	7	148,000	148,000
		13,001,204	13,119,097
Long-term investments	5	3,798,665	3,711,162
Capital assets	6	92,037,521	86,999,889
		108,837,390	103,830,148
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		4,615,883	3,056,366
Advances payable	8	1,900,693	625,445
Deferred revenue		1,526,970	1,365,081
Deferred operating contributions	15	—	85,700
Current portion of long-term debt	9	1,879,088	2,561,915
		9,922,634	7,694,507
Long-term debt	9	22,646,194	20,807,245
Deferred capital contributions	15	2,222,674	2,349,200
Other liabilities		14,687	1,133,741
		34,806,189	31,984,693
Commitments and contingencies	11 and 12		
Net assets			
Net assets invested in capital assets		65,214,984	61,281,529
Unrestricted net assets		8,816,217	10,563,926
		74,031,201	71,845,455
		108,837,390	103,830,148

The accompanying notes are an integral part of the financial statements.

On behalf of the Board

_____, Director

_____, Director

Muslim Association of Canada
Statement of operations
Year ended December 31, 2023

	Notes	2023 \$	2022 \$
Revenue			
School fees		19,636,224	14,824,468
Donations		15,340,241	11,923,270
Program activities		5,713,035	5,232,414
Government grants	3	5,960,123	7,049,083
Daycare and daycamp fees		1,878,448	1,710,251
Rental		1,399,316	1,383,487
Amortization of deferred capital contributions		51,942	51,942
Miscellaneous revenue		645	—
Investment income		185,888	135,160
		<u>50,165,862</u>	<u>42,310,075</u>
Expenses			
Expenses - see Schedule A		43,705,994	33,918,728
Financing charges on long-term debt	9	902,228	901,578
Amortization of capital assets		3,431,431	2,994,753
		<u>48,039,653</u>	<u>37,815,059</u>
Excess of revenue over expenses before the undernoted		<u>2,126,209</u>	<u>4,495,016</u>
Other income (loss)			
Gain on disposal of capital assets	5	2,139	1,991,645
Impairment of capital assets	5	(450,000)	—
Other income (expenses)	12	508,127	(1,119,054)
Unrealized loss on investments		—	(68,420)
Unrealized loss on foreign exchange		(729)	(1,092)
		<u>59,537</u>	<u>803,079</u>
Excess of revenue over expenses		<u>2,185,746</u>	<u>5,298,095</u>

The accompanying notes are an integral part of the financial statements.

Muslim Association of Canada
Statement of changes in net assets
Year ended December 31, 2023

	Invested in capital assets	Unrestricted	2023 Total	2022 Total
	\$	\$	\$	\$
Balance, beginning of year	61,281,529	10,563,926	71,845,455	66,547,360
Excess of revenue over expenses	—	2,185,746	2,185,746	5,298,095
Amortization of capital assets	(3,431,431)	3,431,431	—	—
Amortization of deferred capital contributions	51,942	(51,942)	—	—
Gain on disposal of capital assets	2,139	(2,139)	—	—
Impairment of capital assets	(450,000)	450,000	—	—
Investment in capital assets	8,923,345	(8,923,345)	—	—
Proceeds on disposal of capital assets	(6,418)	6,418	—	—
Long-term debt financing	(2,700,000)	2,700,000	—	—
Long-term debt repayment	1,543,878	(1,543,878)	—	—
Balance, end of year	65,214,984	8,816,217	74,031,201	71,845,455

The accompanying notes are an integral part of the financial statements.

Muslim Association of Canada
Statement of cash flows
Year ended December 31, 2023

	Notes	2023 \$	2022 \$
Operating activities			
Excess of revenue over expenses		2,185,746	5,298,095
Non-cash items			
Unrealized loss on foreign exchange		729	1,092
Unrealized loss on investments		—	68,420
Share dividends received	5	(9,800)	(9,400)
Amortization of capital assets		3,431,431	2,994,753
Amortization of deferred capital contributions		(51,942)	(51,942)
Gain on disposal of capital assets		(2,139)	(1,991,645)
Impairment of capital assets	5	450,000	—
Non-cash expenses		—	1,119,054
Bad debt expense		83,846	1,786
Changes in non-cash working capital items	13	(2,565,469)	(711,561)
		3,522,402	6,718,652
Investing activities			
Purchase of capital assets		(8,923,345)	(6,675,069)
Net purchases of investments		(103,725)	(2,448,394)
Proceeds on disposal of capital assets	5	6,418	2,917,460
		(9,020,652)	(6,206,003)
Financing activities			
Increase in advances payable		2,095,750	270,001
Repayment of advances payable		(820,500)	(239,000)
Increase in long-term debt		2,700,000	3,300,000
Repayment of long-term debt		(1,543,878)	(1,499,803)
		2,431,372	1,831,198
Net (decrease) increase in cash		(3,066,877)	2,343,847
Cash, beginning of year		7,315,813	4,971,966
Cash, end of year		4,248,936	7,315,813

The accompanying notes are an integral part of the financial statements.

1. Purpose and legal form of the Association

The Muslim Association of Canada (the "Association") was incorporated on August 8, 1997 as a not-for-profit corporation without share capital under the *Canada Corporations Act*. It was continued under *Canada Not-for-Profit Corporations Act* by Articles of Continuance issued on July 17, 2014. It is a registered charity under the *Income Tax Act* (Canada) and, accordingly, is exempt from income taxes, provided that certain requirements of the *Income Tax Act* (Canada) are met.

The Association has different chapters in most major Canadian cities to establish an Islamic presence that is balanced, constructive, and integrated though distinct within the social fabric and culture of Canada. The Muslim Association of Canada ("MAC") is a community project driven organization at the service of local Muslim Canadian communities. MAC is active in the realm of education and operates many full time Canadian accredited Islamic schools and youth centres. The Association also operates cultural centers and mosques to provide cultural services and meet the religious, social, and intellectual needs of all Canadians regardless of their ethnic or religious background.

MAC is assisted in its goals by the Horizon Endowment Foundation (the "Foundation"). These financial statements do not include the Foundation as they maintain their own accounts and report separately from MAC to their respective governing bodies. The Foundation is a separate incorporated entity which is not controlled by MAC.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are described below.

(a) Revenue recognition

The Association 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.

Donations, bequests, pledges and other revenue

Donations, bequests, pledges and other revenue from special events are recorded on a cash basis. No accruals are made for monies pledged but not yet received. Donations in-kind are recorded as revenue at the fair value of the contribution at the date of contribution if fair value can be reasonably measured.

School fee, program fees and daycare and daycamp fees

Revenue is recognized as service is rendered to the customer. Amounts billed or received in accordance with customer contracts that do not yet satisfy revenue recognition criteria are recorded as deferred revenue.

Rental income

The Association records base rents on a straight-line basis over the term of each lease.

Government grants

Government grants are recorded in the financial statements when there is reasonable assurance that the Association has complied with all conditions necessary to obtain the grant.

2. Significant accounting policies (continued)

(b) Contributed services

Volunteers assist the Association in carrying out its service delivery activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rate, non-monetary assets and liabilities are translated at the historical exchange rate, and revenue and expense items are translated in Canadian dollars at rates of exchange in effect at the related transaction dates. Exchange gains and losses arising from these transactions are included in the statement of operations during the year.

(d) Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives according to the following methods and annual rates:

	Method	Rates %
Building	Declining balance	4
Furniture and fixtures	Straight-line	33
Computer equipment	Straight-line	33
Vehicle	Straight-line	33
Leasehold improvements	Straight-line	20

Costs incurred in renovating existing buildings are capitalized as construction in progress. Amortization for these costs commences once the asset is ready for use.

(e) Capital assets held for sale

Capital assets held for sale comprise mainly of land and building and are accounted for at the lower of their carrying amount and fair value less costs to sell. Capital assets held-for-sale are no longer amortized.

(f) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for cash, and deposits, which are measured at fair value.

Interest earned on short-term investments and bonds, dividends received on unlisted shares, and realized gains and losses on sale of short-term investments and bonds are included in investment income in the statement of operations.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in the statement of operations as financing charges on long-term debt.

2. Significant accounting policies (continued)

(f) Financial instruments (continued)

With respect to financial assets measured at cost or amortized cost, the Association recognizes in the statement of operations an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the period the reversal occurs.

(g) Investments

Investments subject to significant influence

The investment in Trilex Group Incorporated, a private company, subject to significant influence is accounted for using the equity method. Under this method, the investment is initially recorded at cost and adjustments are made to include the Association's share of the investment's net earnings, which is recognized in the statement of operations. Management periodically analyzes the investment, and whenever the investment has declined below its carrying value and the decline is considered to be other than temporary, the carrying value of the investment is written down to its fair value and a loss in value is recognized in the statement of operations.

When the Association's share of losses exceeds its investments in a company subject to significant influence, the carrying amount of that investment is reduced to zero, and the recognition of any further share of losses is ceased except to the extent that the Association has an obligation or is engaged in any way to provide additional financial support to the company subject to significant influence.

Investments not subject to significant influence

The investment in the Islamic Cooperative Housing Corporation Limited not subject to significant influence is accounted for using the cost method. Management periodically analyzes the investment, and whenever the investment has declined below its carrying value and the decline is considered to be other than temporary, the carrying value of the investment is written down to its fair value and a loss in value is recognized in the statement of operations.

(h) Use of estimates and measurement of 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 revenues and expenses during the reporting period. Consequently, actual results could differ from those estimates. Significant areas of the financial statements requiring the use of management estimates include the determination of fair values of investments that are not quoted in an active market, the determination of accrued liabilities, and allowance for doubtful accounts. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

Muslim Association of Canada
Notes to the financial statements
December 31, 2023

3. Accounts receivable

	2023	2022
	\$	\$
Sales tax receivable	1,305,500	2,188,126
Tuition and daycare receivable	1,788,312	594,934
Government of Alberta	2,386,900	—
Other receivable	497,134	—
	<u>5,977,846</u>	<u>2,783,060</u>

4. Deposits

The deposits balance represents amounts advanced for the purchase of capital assets and for services that have not yet been performed.

5. Investments

	2023	2022
	\$	\$
Short-term investments		
██████████ at 5.45%, maturing on May 21, 2024	161,777	—
██████████ at 0.25%, maturing on November 9, 2023	—	150,000
Savings account ██████████ at 1.85%	—	517,685
Savings account ██████████ at 5.10%	512,830	—
Mutual funds ██████████	901,328	901,328
	<u>1,575,935</u>	<u>1,569,013</u>
Long-term investments		
Term deposit ██████████ compounded at 2.75%, maturing on October 1, 2025	343,328	—
GIC ██████████ compounded annually at 3% maturing on February 1, 2024	1,039,096	546,238
Term deposit ██████████ compounded at 1.387% in year 1, 2.137% in year 2, 2.887% in year 3, 3.450% in year 4 and 3.637% in year 5, maturing on February 1, 2024	—	562,758
GIC ██████████ compounded annually at 1.8% maturing on October 1, 2024	—	330,000
Term deposit ██████████ compounded annually at 1.25% maturing on January 28, 2027	2,086,193	2,024,766
██████████	257,200	247,400
	<u>3,725,817</u>	<u>3,711,162</u>
	<u>5,301,752</u>	<u>5,280,175</u>

On October 1, 2017, the Association received shares in ██████████ as a donation in kind, representing a nominal ownership interest in the company. During the year, the Association received \$9,800 of dividends in the form of shares (\$9,400 received in 2022).

Muslim Association of Canada
Notes to the financial statements
December 31, 2023

6. Capital assets

	Cost \$	Accumulated amortization \$	2023 Net book value \$	2022 Net book value \$
Construction in progress	1,844,057	—	1,844,057	1,888,108
Land	32,963,187	—	32,963,187	30,416,411
Building	76,367,990	20,338,440	56,029,550	53,365,574
Furniture and fixtures	4,777,551	4,085,576	691,975	854,184
Computer equipment	2,813,189	2,399,218	413,971	326,912
Leasehold improvements	514,019	431,061	82,958	148,700
Vehicle	13,512	1,689	11,823	—
	119,293,505	27,255,984	92,037,521	86,999,889

In March 2022, a property which was held for sale was sold for total proceeds of \$2,900,000, resulting in a gain of \$1,968,129.

7. Loans receivable

	2023 \$	2022 \$
Non-interest bearing loans receivable, due on demand	148,000	148,000

8. Advances payable

Advances payable represent amounts loaned to the Association by members of the community. These amounts are non-interest bearing, unsecured and have no specific terms of repayment.

Muslim Association of Canada
Notes to the financial statements
December 31, 2023

9. Long-term debt

	2023	2022
	\$	\$
[REDACTED] Mortgage, repayable in monthly installments of \$11,001 bearing financing charges at 4.89%, maturing November 2023, secured by land and building with a carrying value of \$2,776,987 (\$2,779,580 in 2022)	1,010,499	1,091,456
[REDACTED] Mortgage, repayable in monthly installments of \$10,736, bearing financing charges at 5.65%, maturing July 2033, secured by land and building with a carrying value of \$2,764,472 (\$2,830,023 in 2022)	960,197	1,028,602
[REDACTED] Mortgage, repayable in monthly instalments of \$10,516, bearing financing charges at 3.65%, maturing after 2024, secured by land and building with a carrying value of \$2,286,216 (\$2,349,786 in 2022)	1,125,017	1,210,237
Mortgage, repayable in monthly installments of \$14,169, bearing financing charges at 3.04%, maturing October 2025 secured by land and building with a carrying value of \$5,065,795 (\$5,149,196 in 2022)	1,689,437	1,806,628
Mortgage, repayable in monthly installments of \$8,387, bearing financing charges at 3.04%, maturing October 2025 secured by land and building with a carrying value of \$5,065,795 (\$5,149,196 in 2022)	1,000,239	1,069,370
Mortgage, repayable in monthly installments of \$23,524, bearing financing charges at 3.77%, maturing after 2024 secured by land and building with a carrying value of \$4,573,658 (\$4,599,350 in 2022)	2,443,720	2,632,787
Carried forward	8,229,109	8,839,080

Muslim Association of Canada
Notes to the financial statements
December 31, 2023

9. Long-term debt (continued)

	2023 \$	2022 \$
Carried forward	8,229,109	8,839,080
Mortgage, repayable in monthly installments of \$9,458, bearing financing charges at 4.25%, maturing March 2027 secured by land and building with a carrying value of \$6,679,380 (\$6,722,378 in 2022)	1,193,364	1,249,946
Mortgage, repayable in monthly installments of \$11,592 bearing financing charges at 4.40%, maturing September 2028, secured by land and building with a carrying value of \$2,124,015 (\$2,171,39 in 2022)	1,123,305	1,209,789
Mortgage, repayable in monthly installments of \$4,102, bearing financing charges at 3.40%, maturing April 2026, secured by land and buildings with carrying values of \$1,015,634 (\$1,035,013 in 2022)	491,595	523,487
Mortgage, repayable in monthly installments of \$19,770, bearing financing charges at 3.90%, maturing January 2027, secured by land and buildings with carrying values of \$6,679,380 (\$6,722,378 in 2022)	3,080,282	3,195,856
Mortgage, repayable in monthly installments of \$20,012, bearing financing charges at 9.7%, maturing November 2034, secured by land and buildings with carrying value of \$3,844,697 (\$3,631,059 in 2021)	1,940,549	2,076,553
Mortgage, repayable in monthly installments of \$11,289, bearing financing charges at 9.7%, maturing March 2034, secured by land and buildings with carrying value of \$2,052,380 (\$2,074,257 in 2022)	1,139,525	1,218,487
Mortgage, repayable in monthly installments of \$46,428, bearing financing charges at prime plus 0.21%, maturing August 2034, secured by land and buildings with carrying value of \$15,491,321 (\$14,641,064 in 2022)	4,627,553	5,055,962
Interest-free vendor take-back mortgage, repayable in annual installments of \$270,000, maturing September 2033	2,700,000	—
	24,525,282	66,974,473
Current portion of long-term debt	1,879,088	2,561,915
	22,646,194	64,412,558

9. Long-term debt (continued)

Long-term debt principal repayments to be made over the next five years and thereafter as follows:

	\$
2024	1,879,088
2025	7,239,642
2026	1,893,157
2027	4,986,240
2028	2,513,232
Thereafter	6,013,923
	<u>24,525,282</u>

The Association incurred financing charges of \$902,228 related to long-term debt for the year ended December 31, 2023 (\$901,578 in 2022).

Under the terms of the agreements, the Association must satisfy certain restrictive covenants with [REDACTED] As at December 31, 2023, the Association is in compliance with these covenants.

10. Financial instruments

Currency risk

The Association realizes revenue primarily in Canadian dollars and thus is not subject to significant foreign exchange fluctuations.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Association is exposed to interest rate risk arising from its investments, which bear interest at variable rates. The Association is exposed to interest risk on its long-term debt with variable financing charges.

Credit risk

Credit risk is the risk that counterparties fail to perform as contracted. The Association is not subject to any particular concentration of credit risk on accounts receivable given the size and diversity of individual accounts due to the Association.

Liquidity risk

The Association's objective is to have sufficient liquidity to meet its liabilities when due. The Association monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2023 the most significant financial liabilities are accounts payable and accrued liabilities, advances payable, and long-term debt.

Muslim Association of Canada
Notes to the financial statements
December 31, 2023

11. Commitments

The Association entered into equipment and building operating leases and is committed to pay annual amounts for the year ended December 31 as follows:

	\$
2024	335,156
2025	247,219
2026	234,003
2027	234,003
	<u>1,050,381</u>

12. Contingencies



13. Changes in non-cash working capital items

	2023 \$	2022 \$
(Increase) decrease in accounts receivable	(3,278,632)	195,524
Decrease (increase) in deposits	339,939	(446,933)
Increase inventory	(60,427)	(27,780)
Increase in prepaid and sundry	(8,417)	(90,773)
Increase in accounts payable and accrued liabilities	1,559,517	101,083
Decrease in other liabilities	(1,119,054)	—
Increase (decrease) in deferred revenue	1,605	(442,682)
	<u>(2,565,469)</u>	<u>(711,561)</u>

14. Related parties

During the year, the Association donated \$51,500 (nil in 2022) to the Foundation.

15. Deferred capital contributions

During 2021, the Association received a capital and an operating grant from the Regional Municipality of Peel \$1,485,100 and \$85,700, respectively, to expand a school in Mississauga. The entire amount has been recognized as deferred contributions on the statement of financial position as at December 31, 2022 and December 31, 2021. During the current year, the Association satisfied the requirements to recognize both grants. The operating grant has been recognized within the statement of operations, while the capital grant is being recognized in the statement of operations over the useful life of the related capital assets for which the funding was utilized.

Muslim Association of Canada
Schedule A-Schedule of expenses
Year ended December 31, 2023

	Notes	2023 \$	2022 \$
Expenses			
Salaries, wages and benefits		24,874,411	21,057,741
Charitable contributions	14	3,952,399	558,963
Social, religious and program activities		3,956,191	3,283,209
Maintenance and repairs		2,237,826	2,058,460
Utilities		1,201,848	1,030,473
Professional fees		1,764,582	1,622,238
Insurance		585,984	493,344
School supplies		726,660	680,176
Rental for halls and facilities		1,853,330	1,372,957
credit card and bank charges		628,543	472,469
Bad debt expense		83,846	1,786
Office and general		224,985	143,301
Realty taxes		281,660	127,835
Conferences, conventions, training and seminars		108,379	122,083
Telecommunications		132,477	108,750
Office supplies		207,616	126,181
Advertising and promotion		159,891	211,503
Printing and stationery		131,773	123,004
Security		101,168	69,290
Computer maintenance and supplies		122,251	139,796
Equipment rental		51,480	45,594
Travel		318,694	69,575
		43,705,994	33,918,728