

**MUSLIM WELFARE CANADA**  
**Financial Statements**  
**Year Ended December 31, 2024**

**MUSLIM WELFARE CANADA**  
**Index to Financial Statements**  
**Year Ended December 31, 2024**

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# S.A. Sami Professional Corporation

Chartered Professional Accountant

Tel: (905) 273 5888 ext:233 • Fax: 905 273 5999 • Email: samisyedca@gmail.com

www.samicpa.ca

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Muslim Welfare Canada

### *Qualified Opinion*

I have audited the financial statements of Muslim Welfare Canada (the "organization"), which comprise the statement of financial position as at December 31, 2024, and the statements of revenues and expenditures, 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 my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2024, and the results of its operations and 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 not-for-profit organizations, the organization derives revenue from 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, 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, 2024, current assets and net assets as at December 31, 2024.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### *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 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 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.

(continues)

Independent Auditor's Report to the Members of Muslim Welfare Canada (*continued*)

*Auditor's Responsibilities for the Audit of the Financial Statements*

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

*S.A. Sami Professional Corporation*

Mississauga, Ontario  
June 29, 2025

CHARTERED PROFESSIONAL ACCOUNTANT  
Authorized to practise public accounting by  
the Chartered Professional Accountants of  
Ontario

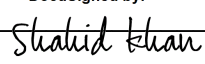
**MUSLIM WELFARE CANADA**  
**Statement of Financial Position**  
**December 31, 2024**

|  | 2024                 | 2023<br><i>Restated</i> |
|--|----------------------|-------------------------|
| <b>ASSETS</b>  |                      |                         |
| <b>CURRENT</b>   |                      |                         |
| Cash   | \$ 1,924,831         | \$ 4,370,123            |
| Cash at bank for Senior Housing Program (Note 16)                              | 65,750               | 1,505,839               |
| Investment (Note 4)  | 76,589               | 55,071                  |
| Accounts receivable  | 108,958              | -                       |
| HST receivable   | 294,737              | 317,040                 |
| Inventory (Notes 5, 14)  | 102,635              | 115,208                 |
| Prepaid expenses   | 202,372              | 97,595                  |
|  | <b>2,775,872</b>     | <b>6,460,876</b>        |
| PROPERTY AND EQUIPMENT (Note 6)  | <b>18,729,388</b>    | <b>18,970,670</b>       |
| Long Term care Home (LTC) under Development and Construction (Notes 7, 14, 15) | <b>4,777,990</b>     | <b>2,427,573</b>        |
|  | <b>\$ 26,283,250</b> | <b>\$ 27,859,119</b>    |
| <b>LIABILITIES AND NET ASSETS</b>  |                      |                         |
| <b>CURRENT</b>   |                      |                         |
| Accounts payable   | \$ 722,336           | \$ 887,759              |
| Deposits received  | -                    | 152,300                 |
| Deferred revenue (Note 8)  | 1,506,800            | 1,554,220               |
|  | <b>2,229,136</b>     | <b>2,594,279</b>        |
| SSRF PROGRAM FORGIVABLE LOAN (Note 9)  | <b>1,781,500</b>     | <b>2,036,000</b>        |
| CMHC FORGIVABLE LOAN (Note 10)   | <b>2,447,552</b>     | <b>2,591,526</b>        |
| VENDOR TAKE BACK (VTB) LOAN (Note 11)  | <b>2,000,000</b>     | <b>3,850,000</b>        |
|  | <b>8,458,188</b>     | <b>11,071,805</b>       |
| <b>NET ASSETS</b>  |                      |                         |
| Net assets (unrestricted)  | <b>14,825,062</b>    | <b>13,787,314</b>       |
| Net assets (internally restricted) (Note 16)                                   | <b>3,000,000</b>     | <b>3,000,000</b>        |
|  | <b>17,825,062</b>    | <b>16,787,314</b>       |
|  | <b>\$ 26,283,250</b> | <b>\$ 27,859,119</b>    |

LEASE COMMITMENTS (Note 13)

CAPITAL EXPENDITURE COMMITMENTS (Note 15)

**ON BEHALF OF THE BOARD**

DocuSigned by:  
  
 17FDBC62CC6A4AC... Director

Signed by:  
  
 900DE7C8F3B6494... Director

**MUSLIM WELFARE CANADA**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2024**

|   | 2024                | 2023<br><i>Restated</i> |
|---|---------------------|-------------------------|
| <b>REVENUES</b>   |                     |                         |
| Donations   | \$ 6,451,434        | \$ 5,640,665            |
| Homelessness Prevention Program (HPP) Grants from Region of Durham              | 868,512             | 775,000                 |
| Community Homelessness Prevention Initiative (CHPI) Grant from Region of Durham | 1,156,414           | 1,128,560               |
| Investment and Other Income   | 228,662             | 272,727                 |
| Donations in-kind   | 88,841              | 202,780                 |
| Summer Jobs Grant   | 30,850              | 27,103                  |
| Forgiven portion of forgivable loans ( <i>Notes 9, 10</i> )                     | 398,474             | 398,474                 |
|   | <b>9,223,187</b>    | <b>8,445,309</b>        |
| <b>EXPENSES</b>   |                     |                         |
| Program expenses ( <i>Notes 12, 13, 14</i> )                                    | 6,869,966           | 6,821,962               |
| Fundraising & Advertisement   | 860,131             | 686,068                 |
| General Administration ( <i>Note 14</i> )                                       | 241,228             | 256,418                 |
| Amortization  | 214,114             | 230,405                 |
|   | <b>8,185,439</b>    | <b>7,994,853</b>        |
| <b>EXCESS OF REVENUES OVER EXPENSES</b>   | <b>\$ 1,037,748</b> | <b>\$ 450,456</b>       |

MUSLIM WELFARE CANADA  
Statement of Changes in Net Assets  
Year Ended December 31, 2024

|                                     | Net assets<br>(Unrestricted) | Net assets<br>(internally<br>restricted) | 2024          | 2023          |
|-------------------------------------|------------------------------|--|---------------|---------------|
| NET ASSETS - BEGINNING OF YEAR      | \$ 13,787,314                | \$ 3,000,000                             | \$ 16,787,314 | \$ 16,252,937 |
| Prior period adjustments (Note 14)  | -                            | -  | -             | 83,922        |
| EXCESS OF REVENUES OVER<br>EXPENSES | 1,037,748                    | -  | 1,037,748     | 450,456       |
| NET ASSETS - END OF YEAR            | \$ 14,825,062                | \$ 3,000,000                             | \$ 17,825,062 | \$ 16,787,315 |

**MUSLIM WELFARE CANADA**  
**Statement of Cash Flows**  
**Year Ended December 31, 2024**

|  | 2024                | 2023<br><i>Restated</i> |
|--|---------------------|-------------------------|
| <b>OPERATING ACTIVITIES</b>                                  |                     |                         |
| Excess of revenues over expenses                             | \$ 1,037,748        | \$ 450,456              |
| Items not affecting cash:                                    |                     |                         |
| Amortization of property and equipment                       | 214,114             | 230,405                 |
| Loan Forgiveness   | (398,474)           | (398,474)               |
| Prior period adjustment                                      | -                   | 83,922                  |
|  | <b>853,388</b>      | 366,309                 |
| Changes in non-cash working capital:                         |                     |                         |
| Accounts receivable  | (108,958)           | 290,347                 |
| Inventory  | 12,573              | (18,790)                |
| Accounts payable   | (165,422)           | 24,963                  |
| Deferred revenue   | (47,420)            | 527,308                 |
| Prepaid expenses   | (104,777)           | 9,550                   |
| Harmonized sales tax payable                                 | 22,303              | 49,683                  |
| Deposits received  | (152,300)           | 136,997                 |
|  | <b>(544,001)</b>    | 1,020,058               |
| Cash flow from operating activities                          | <b>309,387</b>      | 1,386,367               |
| <b>INVESTING ACTIVITIES</b>                                  |                     |                         |
| Purchase of property and equipment                           | 27,167              | (50,231)                |
| Long Term care Home (LTC) under Development and Construction | (2,350,417)         | (2,146,670)             |
| Investment   | (21,518)            | (22,733)                |
| Cash flow used by investing activities                       | <b>(2,344,768)</b>  | (2,219,634)             |
| <b>FINANCING ACTIVITIES</b>                                  |                     |                         |
| SSRF PROGRAM FORGIVABLE LOAN                                 | (1,850,000)         | -                       |
| Cash flow used by financing activities                       | <b>(1,850,000)</b>  | -                       |
| <b>DECREASE IN CASH FLOW</b>                                 | <b>(3,885,381)</b>  | (833,267)               |
| Cash - beginning of year                                     | 5,875,962           | 6,709,229               |
| <b>CASH - END OF YEAR</b>                                    | <b>\$ 1,990,581</b> | \$ 5,875,962            |
| <b>CASH CONSISTS OF:</b>                                     |                     |                         |
| Cash   | \$ 1,924,831        | \$ 4,370,123            |
| Cash at bank for Senior Housing Program                      | 65,750              | 1,505,839               |
|  | <b>\$ 1,990,581</b> | \$ 5,875,962            |



**MUSLIM WELFARE CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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**1. PURPOSE OF THE ORGANIZATION**

MUSLIM WELFARE CANADA (the "organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario and is a registered charity. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

Muslim Welfare Canada (the organization) is mainly serving and fulfilling the educational, social and economic needs of the community of Greater Toronto and vicinity. The organization was incorporated without share capital as a non-profit organization on March 23, 1994. The organization's motto is "Service to Humanity is service to Allah". The organization is serving humanity irrespective of religion, nationality, caste, or creed.

**Change of name**

The organization changed its name from Muslim Welfare Centre of Toronto to Muslim Welfare Canada during the year.

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**2. BASIS OF PRESENTATION**

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

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue recognition

The organization follows the deferral method of accounting for donations and grants. Restricted donations and grants are recognized as revenue in the year the related expenses are incurred and unused donations and grants for specific purposes are deferred until such time they are used. Unrestricted donations and grants are recognized as revenue when received or recoverable if the amount to be received can be reasonably estimated and collections are reasonably assured. Donations in-kind (contributed materials) from the public are recognized as revenue at their fair value when received. Donated services (contributed services) including voluntary services are not recorded in the accounts of the organization because of the difficulty in estimation of the value.

Income from investments is recognized on accrual basis.

Investment

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Government 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.

*(continues)*

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**MUSLIM WELFARE CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

*Inventories – Food Donations*

*Inventories are measured at the lower of cost and net realizable value. However, given the unique nature of the Organization’s operations as a charitable food bank, donated food inventory is not held for sale but for free distribution to individuals and families in need.*

*The Organization recognizes donated food inventory when fair value can be reasonably estimated at the date of donation. Fair value is determined based on published average wholesale prices or comparable market data. If fair value cannot be reasonably determined, the donated inventory is not recorded.*

*Donated food inventory is expensed as part of program delivery costs at the time it is distributed to beneficiaries.*

Interest capitalization

The Organization has borrowed funds specifically to finance the construction of a long-term care home, which qualifies as a long-term asset. Interest costs directly attributable to the construction of this facility are capitalized as part of the cost of the asset until such time as the asset is substantially complete and ready for its intended use.

Capitalized interest is determined based on the actual interest incurred on the borrowings during the construction period, net of any investment income earned on the temporary investment of those borrowings. After the construction is complete, borrowing costs are recognized as an expense in the period incurred..

Property and equipment

Property 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:

|                        |     |                          |
|------------------------|-----|--------------------------|
| Buildings              | 3%  | declining balance method |
| Equipment              | 20% | declining balance method |
| Computer equipment     | 30% | declining balance method |
| Furniture and fixtures | 25% | declining balance method |
| Automobile             | 30% | declining balance method |

(continues)

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**MUSLIM WELFARE CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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

Capitalized work in progress

Costs incurred in connection with the construction of a long-term care home are capitalized as construction in progress until the project is substantially complete and the facility is ready for its intended use.

Capitalized costs include:

- Direct construction costs such as materials, labour, and contractor services;
- Site preparation and infrastructure work;
- Professional and consulting fees, including engineering, architectural, legal, and permitting;
- Interest on construction financing incurred during the construction period (see below);
- Overhead costs directly attributable to the project.

General administrative and operational expenses not directly related to the construction activity are expensed as incurred.

Once the facility is ready for its intended use, construction in progress is transferred to the appropriate capital asset categories and depreciation begins.

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.

Financial instruments

Initial measurement

The organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management are initially measured at cost.

Subsequent measurement

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash, and receivable. Financial liabilities measured at amortized cost include accounts payable and long term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. 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 net income. Financial assets measured at amortized cost were cash, accounts receivable. The financial liabilities measured at amortized cost were due to shareholder, long term debt, and accounts payable and accrued liabilities.

(*continues*)

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**MUSLIM WELFARE CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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

Transactions costs

Transaction costs relating to financial assets and liabilities that will be subsequently measured at fair value are expensed as incurred. Transaction costs that are directly attributable to acquisition of financial assets and liabilities that will not be measured at the fair values are capitalized to the cost to those financial assets and liabilities. No transaction costs incurred during the year.

Investments

These investment in shares in public companies valued at market price. The change in the market price is taken in income.

Allocation of common and general support expenses

The organization engages in various programs. The cost of these programs includes costs of personnel, premises and other expenses that are directly related to providing the programs. The organization also incurs number of general support expenses that are common to the administration of the organization and each of its programs. The organization allocates certain of its general support expenses to programs, administration and fundraising expenses on an appropriate basis. Salaries allocated to programs and administration based on time spent by the employees. From this fiscal year 2024, the organization allocates the General administration and support expenses 40% to Programs and 5% to Fundraising. 100% interest expenses based on utilization allocated to construction of Long Term Care facility.

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.

4. INVESTMENTS

These were investment in shares of public companies valued at market price. The change in the market price is taken in income.

5. INVENTORY

Inventory consist of food items i.e. rice, wheat flour, packed uncooked foods and cooking oil.

6. PROPERTY AND EQUIPMENT

|                    | Cost          | Accumulated<br>amortization | 2024<br>Net book<br>value | 2023<br>Net book<br>value |
|--------------------|---------------|-----------------------------|---------------------------|---------------------------|
| Land               | \$ 13,226,509 | \$ -                        | \$ 13,226,509             | \$ 13,274,458             |
| Buildings          | 6,519,579     | 1,175,027                   | 5,344,552                 | 5,509,848                 |
| Equipment          | 132,986       | 72,071                      | 60,915                    | 55,598                    |
| Motor vehicles     | 135,763       | 105,565                     | 30,198                    | 43,140                    |
| Computer equipment | 75,456        | 65,526                      | 9,930                     | 14,185                    |

*(continues)*

**MUSLIM WELFARE CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

6. PROPERTY AND EQUIPMENT *(continued)*

|                        | Cost                 | Accumulated<br>amortization | 2024<br>Net book<br>value | 2023<br>Net book<br>value |
|------------------------|----------------------|-----------------------------|---------------------------|---------------------------|
| Furniture and fixtures | 206,144              | 148,860                     | <b>57,284</b>             | 73,441                    |
|                        | <b>\$ 20,296,437</b> | <b>\$ 1,567,049</b>         | <b>\$ 18,729,388</b>      | <b>\$ 18,970,670</b>      |

7. LONG TERM CARE HOME (LTC) UNDER DEVELOPMENT AND CONSTRUCTION

In April 2022, the Ministry of Long-Term Care approved the allocation of 192 long-term care beds to the Muslim Welfare Centre of Toronto for the development of a new long-term care (LTC) facility in Courtice, Ontario. The project is eligible for funding under the Ministry's Capital Development Program, including the Construction Funding Subsidy.

The development is subject to the execution of a Development Agreement with the Ministry, fulfillment of all applicable regulatory and program requirements, and completion within a five-year period. The LTC facility will be constructed on land owned by the Organization in Courtice, ON.

The Organization has fulfilled all preliminary conditions set by the Ministry and engaged key project partners, including SHS Consulting (Toronto) as the development consultant, Snyder Architects as the architectural firm, and SENCAP as financial advisor for securing project financing. The Organization is currently in the process of finalizing financing arrangements.

As at December 31, 2024, the Organization has incurred expenditures totaling \$4,777,990 (2023 – \$2,427,573) directly attributable to the development of the LTC facility. These costs include interest expenses, professional and consulting fees, salaries, and other general project-related expenditures.

8. DEFERRED REVENUE

The following revenues are deferred at the end of the year as the related expenses are not incurred:

|                         | Disaster and<br>Flood relief | Support a<br>Child Program | 2024                | 2023                |
|-------------------------|------------------------------|----------------------------|---------------------|---------------------|
| Opening balance         | \$ 1,160,676                 | \$ 393,544                 | <b>\$ 1,554,220</b> | \$ 1,026,912        |
| Amount received         | 658,488                      | 416,794                    | <b>1,075,282</b>    | 1,355,601           |
| Revenue recognized      | (731,988)                    | (390,714)                  | <b>(1,122,702)</b>  | (828,293)           |
| Balance end of the year | 1,087,176                    | 419,624                    | <b>1,506,800</b>    | 1,554,220           |
|                         | <b>\$ 1,087,176</b>          | <b>\$ 419,624</b>          | <b>\$ 1,506,800</b> | <b>\$ 1,554,220</b> |

**MUSLIM WELFARE CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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9. FORGIVABLE LOAN UNDER PROGRAM SOCIAL SERVICES RELIEF FUND PHASE 2 PROGRAM (SSRF)

The Corporation of the Regional Municipality of Durham (herein called "Service Manager") has granted Interest free forgivable loan of \$2,545,000 to the organization by a Contribution agreement dated March 9, 2021. The purpose of the loan is to operate a homeless shelter/transitional Residences project at 732 Dundas Street East in the Town of Whitby in accordance with the contribution agreement.

The terms of the loan include (a) the loan shall have term of 10 years (b) the Service Manager shall fully forgive the obligation to repay the loan after 10 years, intended to be used as home for the homeless (c) during the minimum period of 10 years, the organization may not dispose of the asset acquired with funds of the loan without the Service Manager consent (d) at the discretion of the Service Manager the amount of the loan may be reduced at the rate of 10% per year provided the organization has fulfilled all the terms of the agreement. The loan amount shall be fully forgiven on the last day of the month at the end of term loan provided the organization fulfills all requirements of the loan agreement.

The Covenants include (a) payment of all the taxes and levies of Province on Ontario in a timely manner (b) to maintain all the licenses and permits up to date (c) maintain PIPEDA and MFIPA (D) the organization will not without the prior written consent of the Service manager create any mortgage, pledge, lien or other encumbrance whatsoever on the property or permit any change in the ownership of the property.

The organization shall maintain a commercial insurance policy in the amount of at least \$5,000,000 provided for without limitation, coverage for personal injury, public liability and property damage and naming the Region of Durham as an additional insured thereon.

The organization shall provide the Service Manager with security documents in the form identified in Schedule C of the agreement. The organization shall include total amount of program funds (\$2,545,000) in the security documents and the security shall be collateral to the agreement.

The balance outstanding at the end of year was \$1,781,500 forgiveness amount of \$254,500.

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**MUSLIM WELFARE CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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**10. CANADA MORTGAGE HOUSING CORPORATION FORGIVABLE LOAN THROUGH REGIONAL MUNICIPALITY OF DURHAM (SERVICE MANAGER)**

**Operating Grant – Region of Durham**

The Organization receives operating funding from the Region of Durham to support the provision of essential services, including boarding, lodging, and personal needs allowances for eligible women and their children. The grant is disbursed monthly and is subject to ongoing compliance with the funding agreement, including submission of quarterly and annual financial reports. The grant is recognized as revenue in the period in which the related expenses are incurred.

**Forgivable Loan – Rapid Housing Initiative (RHI)**

On November 1, 2021, the Organization entered into a contribution agreement with the Canada Mortgage and Housing Corporation (CMHC) and the Region of Durham (as Service Manager) under the Rapid Housing Initiative to support the development of 26 affordable housing units at 732 Dundas Street East, Whitby, for vulnerable populations.

The full term of the loan is 40 years. It bears interest at the greater of the average posted rate for a five-year commercial mortgage from major Canadian financial institutions plus 2 percent, or the applicable interest rate plus 2 percent. However, if the Organization remains in full compliance with the agreement, any interest otherwise owing is automatically forgiven. As at year-end, the Organization was in compliance, and no interest was charged.

A forgivable loan of \$2,879,473 was approved under the agreement. During the year 2022, the Organization received \$2,591,526, with the remaining \$287,947 received subsequent to year-end. The loan is secured by a first registered charge on the land and building in favour of the Service Manager.

The loan is forgivable over a 20-year period, at a rate of 5 percent annually, provided the Organization complies with all terms of the agreement. The forgiven portion is recognized as income each year. As at year-end, the outstanding loan balance was \$2,447,552, net of the annual forgiveness of \$143,974.

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**11. VENDOR TAKE BACK (VTB) LOAN - LONG TERM CARE HOME**

In 2022, the Organization acquired a property in Courtice, Ontario, from LDB Holdings Ltd. for a total purchase price of \$10,700,000. As part of the purchase arrangement, the vendor provided a vendor take-back (VTB) mortgage in the amount of \$5,350,000, bearing interest at 6% per annum.

During the year, the Organization repaid \$1,850,000 of the principal, bringing the cumulative principal repayments to \$3,350,000. As at December 31, 2024, the outstanding balance on the VTB was \$2,000,000. The VTB is secured by the property, which had a carrying value of \$11,027,509 as at year-end.

The VTB was scheduled to mature on March 24, 2025. Subsequent to year-end, the loan was fully repaid in February 2025.

All interest incurred on the VTB over the years were capitalized to the long-term care home project under development in accordance with the Organization's accounting policy for capitalizing borrowing costs.

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**MUSLIM WELFARE CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

**12. PROGRAM EXPENSES**

MWC is mainly engaged in operating Food banks, Medical clinic, Meal Programmes, Place of worship and learning, Emergency Shelters and Transition Homes within Canada. Disaster relief efforts and Qurbani programmes are being operated globally. It's Support A Child and Water Well Projects are based in Pakistan. The cost of each program includes expenses that directly related to providing the program including the allocated general support expenses.

|   | <b>2024</b>         | <b>2023</b>         |
|---|---------------------|---------------------|
| Canadian Projects:                      | \$ -                | \$ -                |
| Food and meals                          | <b>2,866,406</b>    | 3,538,368           |
| Care home and shelter                   | <b>1,889,518</b>    | 1,634,537           |
| Health and community services           | <b>588,372</b>      | 632,380             |
| Disaster relief                         | -                   | 28,145              |
| <b>Total for Canadian projects</b>      | <b>5,344,296</b>    | <b>5,833,430</b>    |
| International Projects:                 | -                   | -                   |
| Child educations                        | <b>390,714</b>      | 396,828             |
| Water explorations                      | <b>402,968</b>      | 188,384             |
| International relief efforts            | <b>731,988</b>      | 403,320             |
| <b>Total for International Projects</b> | <b>1,525,670</b>    | <b>988,532</b>      |
|   | <b>\$ 6,869,966</b> | <b>\$ 6,821,962</b> |

**ALLOCATION OF GENERAL AND SUPPORT EXPENSES**

General and support expenses totaling \$143,181 (2023 – \$324,796), which include salaries and benefits, occupancy costs, and office and general expenses, have been allocated to the Organization's programs and fundraising activities as follows:

|                        | <b>2024</b>       | <b>2023</b>       |
|------------------------|-------------------|-------------------|
| <u>Section heading</u> |                   |                   |
| Programmes             | \$ <b>127,272</b> | \$ 288,708        |
| Fundraising            | <b>15,909</b>     | 36,088            |
|                        | <b>\$ 143,181</b> | <b>\$ 324,796</b> |

**13. COMMITMENTS**

The Organization leases office space in Scarborough under agreements renewed annually. The aggregate monthly rent for the premises is \$9,318, excluding Harmonized Sales Tax (HST).



**MUSLIM WELFARE CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

**14. RESTATEMENT OF COMPARATIVE INFORMATION FOR YEAR 2023**

During the current year, management identified and corrected misstatements in the previously reported financial information relating to long-term care home development in progress, program expenses, and food inventory. As a result, the comparative figures for the year ended December 31, 2023, have been restated to reflect these corrections.

The impact of the restatement on the 2023 financial statements is summarized as follows:

|  | Previous    | Change    | Restated    |
|--|-------------|-----------|-------------|
| <b>Statement of Financial Position</b>                       | \$ -        | \$ -      | \$ -        |
| Long Term care Home (LTC) under Development and Construction | 2,002,284   | 425,289   | 2,427,573   |
| Prior Period adjustment                                      | -           | (83,922)  | (83,922)    |
| Food Inventory   | 33,970      | 81,238    | 115,208     |
|  | -           | -         | -           |
| <b>Statement of Revenue and Expenditure</b>                  | -           | -         | -           |
| Program expenses   | 7,095,778   | (273,816) | 6,821,962   |
| General Administration                                       | 405,207     | (148,789) | 256,418     |
|  | -           | -         | -           |
| <b>Statement of Cash Flow</b>                                | -           | -         | -           |
| Cash inflow from Operations                                  | 673,130     | 713,237   | 1,386,367   |
| Cash outflow from Investments                                | (1,794,344) | (425,290) | (2,219,634) |
| Cash inflow from Financing                                   | 287,947     | (287,947) | -           |
|  | -           | -         | -           |
|  | \$ -        | \$ -      | \$ -        |

**15. CAPITAL EXPENDITURES COMMITMENTS**

On March 5, 2025, the Organization entered into contractual agreements with contractors and consultants for the construction of a Long-Term Care (LTC) Home. The total contract price, inclusive of Harmonized Sales Tax (HST), is \$77,492,895. The construction project is scheduled for completion by September 30, 2027.

**16. NET ASSETS INTERNALLY RESTRICTED**

An internally restricted net assets of \$3,000,000 representing project for senior housing was approved by the Board of Directors. Separate bank account was also opened for providing fund to the senior housing project. The senior home bank balance at the end of the year was \$65,750 (2023 \$1,505,839) after paying partially for the purchase of land to develop senior housing in future.

**17. 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, 2024.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. Significant portion of revenue is from donations which are recorded on cash basis because of uncertainty of collection. The organization manages credit risk by keeping cash with chartered banks. There is no change in the risk from prior year. There is no Concentration of credit risk.

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**MUSLIM WELFARE CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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17. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of receiving donations from public, grants from government, VTB loan, accounts payables and meeting operating expenses. All the expenses are program revenue driven. There is no significant change in the risk from prior year

Currency risk

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 as it not deal in foreign currency transactions and balances.

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 exposed to interest rate risk with respect to forgivable loans in case of non-compliance. There are no derivative financial instruments to mitigate this risk. There is no change in the risk from prior.

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**MUSLIM WELFARE CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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17. FINANCIAL INSTRUMENTS *(continued)*

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed to other price risk.

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18. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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