
**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)**

FINANCIAL STATEMENTS

**December 31, 2011
(AUDITED)**

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)**

December 31, 2011

(AUDITED)

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Chartered Accountant
Certified Forensic Investigator (Canada)
Associate Certified Fraud Examiner(USA)
Commissioner of Oaths/ Affidavits*

INDEPENDENT AUDITOR'S REPORT

To the Directors of:

ISLAMIC CIRCLE OF NORTH AMERICA (RELIEF)

I have audited the accompanying financial statements of **Islamic Circle of North America (Relief)** which comprise the balance sheet as at December 31, 2011 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on our audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenues from fund-raising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, if any, the financial statements present fairly, in all material respects, the financial position of **Islamic Circle of North America (Relief)** as at December 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

I report that the Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.



A. Q. Hotay
Chartered Accountant
Licensed Public Accountant

Mississauga, Ontario
June 29, 2012

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)**

Statement of Financial Position

(AUDITED)

As At December 31

2011

2010

Assets

Current

Cash	(Note 12)	96,400	445,317
Receivables and advances	(Note 7)	77,906	61,713
Total		174,306	507,030

Designated funds

International and Domestic Programs	(Note 12)	900,000	900,000
Emergency Relief Funds	(Note 12)	541,083	541,083
		1,441,083	1,441,083

Capital (Net)	(Note 2)	6,264	7,830
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Total assets		\$ 1,621,653	\$ 1,955,943
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Liabilities and Fund Balances

Current

Accrued liabilities	(Note 8)	3,000	3,000
Deferred revenue		-	900,000
Total		3,000	903,000

Fund Balances

Consolidated fund account	(Note 9)	1,618,653	1,052,943
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Total Liabilities and Fund Balances		\$ 1,621,653	\$ 1,955,943
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Accompanying notes are an integral part of these financial statements

On behalf of the Board:

_____ Director

_____ Director

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)
Statement of Operations
(AUDITED)**

For the year ended December 31

2011

2010

Revenue

Designated donations	4,651,611	4,125,937
Other donations and food bank contributions	594,748	311,690
Total Revenue	\$ 5,246,359	\$ 4,437,627

Expenses

Legal and Professional Fees	14,287	4,603
Advertisement and promotions	26,744	38,272
Bank Charges	12,861	6,580
Domestic program	706,644	537,814
General & Office Expenses	13,194	20,531
Postage & courier	47,233	52,713
Printing & stationery	18,459	34,930
Telephone	6,590	5,444
Travel & transportation	21,400	11,420
Amortization-capital assets	1,566	1,958
International disbursements	3,570,263	1,895,028
Rent	4,800	4,800
Salaries and wages	236,608	212,180
Total Expenses	\$ 4,680,650	\$ 2,826,273

Undisbursed Funds	565,710	1,611,354
Deferred revenue	-	(900,000)
	565,710	711,354
Accumulated fund balance brought forward	\$ 1,052,943	\$ 341,589

Amounts available for transfer to consolidated fund account	\$ 1,618,653	\$ 1,052,943
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Accompanying Notes are an integral part of these financial statements

ISLAMIC CIRCLE OF NORTH AMERICA

Statement of Changes in Net Assets

(AUDITED)

For the year ended December 31

2011

Unrestricted Net Assets , beginning of year	\$ 1,052,943
Excess of revenue over expenses for the year	565,710
Decrease (increase) in investment in Capital assets	<u>0</u>
Unrestricted Net Assets , end of year	<u>\$1,618,653</u>

Investment in Capital Assets , beginning of year	<u>\$ 7,830</u>
Less: Amortization expense	<u>(1,566)</u>
	6,264
Add: Capital asset additions	<u>-</u>

Investment in Capital Assets , end of year	<u>\$ 6,264</u>
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Accompanying Notes are an integral part of these financial statements

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)**

STATEMENT OF CASH FLOW

(AUDITED)

For the year ended December 31

2011

2010

Cash flows provided by (used in) Operating Activities

Operations:

Net income (loss) for the year 565,710 \$ 711,354

Items not effecting cash:

Amortization of Tangible assets 1,566 1,957

Cash flow from Financing Activities 567,276 713,311

Changes in non-cash Working Capital

Accounts receivable (16,193) (4,600)

GST receivable 0 -

Accounts payable (900,000) (144,000)

Net cash provided by (used in) Operating activities (916,193) **(148,600)**

Net cash provided by (used in) investing activities

Addition to property & equipment 0 -

Net cash provided by (used in) Investing activities 0 -

Cash flow from Financing Activities 567,276 713,311

Net cash provided by (used in) Operating activities (916,193) **(148,600)**

Increase (decrease) in cash and cash equivalents (348,917) 564,712

Cash, beginning of the year \$ 1,886,400 1,321,688

Cash, end of the year **1,537,483** **\$ 1,886,400**

ISLAMIC CIRCLE OF NORTH AMERICA (RELIEF)

Notes to financial statements

Audited

For the Year Ended **December 31, 2011**

Purpose of the Organization

Islamic Circle of North America is part of ICNA Canada. Islamic Circle Of North America is a registered Charity and approved by the Charities Directorate of Government of Canada to issue tax deductible receipts and not pay any taxes on its income under section 149(1)(I) of the Canadian Income Tax Act.

Islamic Circle of North America (Canada) (Relief) is dedicated to providing emergency relief and funding development projects throughout the world. Most of the programs are funded through designated NGOS overseas. The aim is to assist people in need and to create opportunities for economic independence through self reliance and program funding. These programs are closely monitored.

ICNA actively supports and operates programs in Pakistan, Bangladesh, Kenya, Kashmir, Sri Lanka, Indonesia, India and Sierra Leone.

ICNA- Relief organizes local conferences and seminars to facilitate understanding and awareness of issues and hurdles in countries in need of support and assistance.

Except for a very small administrative staff, most of the work for the organization is done by a very devoted and dedicated group of volunteers.

1 Summary of Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies for not-for-profit organizations and incorporate the following significant accounting policies.

Revenues and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Capital Assets

Capital assets are recorded at cost.

Furniture and Equipment - 20% on diminishing balance basis

Financial Instruments

Islamic Circle Of North America (Relief) applies the Canadian Institute of Chartered Accountants (CICA) Handbook, section 3855, Financial Instruments - Recognition and Measurement, and, as permitted for not-for-profit organizations, section 3861, Financial Instruments - Disclosure and Presentation. The Centre's financial instruments are classified into one of five categories: held for trading, held to maturity investments, loans and receivables, available for sale financial investments or other financial liabilities.

The categories of Islamic Circle Of North America (Relief)'s financial assets and liabilities are as follows:

Financial Assets

(I) Held for Trading

Cash and cash equivalents are recorded at fair value with any subsequent changes in fair value recorded as charge to the consolidated statement of operations.

ISLAMIC CIRCLE OF NORTH AMERICA (RELIEF)

Notes to financial statements

Audited

For the Year Ended **December 31, 2011**

(ii) Available-for-sale or held-to-maturity

Islamic Circle Of North America (Relief) does not currently hold any financial assets classified as available-for-sale or held-to-maturity

(iii) Loan and receivables

Accounts receivable are initially recorded at fair value and subsequently measured at amortized cost less any impairment losses recognized, and approximate their fair values due to the relatively short period of maturity.

Financial Liabilities

(iv) Other financial liabilities

Accounts payable and accrued liabilities are measured at amortized cost and approximate their fair values due to the relatively short periods to maturity. Tenant inducements, capital lease obligation and term bank loan, if any, are recorded at amortized cost and approximate fair value due to the relative stability of market rates.

Revenue Recognition

Islamic Circle Of North America (Relief) follows the deferral method of accounting. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or restrictions met. Unspent amounts are classified as deferred revenue and contributions unless expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and receipts reasonably assured.

Contributed materials and services

As a policy Islamic Circle Of North America (Relief) recognizes contributions of certain services received, at the estimated fair value of those services, provided the services would otherwise have been acquired as revenue. During the year, no amounts (2010 - nil) were recorded in the financial statements. Services from directors and volunteers, though highly valued, are not recognised in monetary terms.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Management reviews all significant estimates affecting financial statements on a recurring basis. Significant estimates include rates of depreciation and contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

Future accounting framework

The Centre is currently classified as a not-for-profit organization. The Centre is adhering to the standards for NPO, defined in the CICA handbook.

The Centre intends to continue applying the existing NPO standards. It will determine the impact of new standards in its future financial statements, on a yearly basis.

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)**

Notes to financial statements

Audited

For the Year Ended December 31, 2011

Notes to Financial Statement

2 Capital Assets

	2011			2010
	Cost	Accumulated Amortization	Net	Net Assets
Furniture and equipment	29,720	23,456	6,264	7,830
	<u>\$29,720</u>	<u>23,456</u>	<u>6,264</u>	<u>7,830</u>

3 Disbursement of Funds

During 2011 ICNA (Relief) had transferred \$3,570,263 to their partner organizations in Kenya, Pakistan, Kashmir, India, Indonesia, Sri Lanka, Bangladesh, Afghanistan, Tunisia Libya.

4 Future Disbursements

ICNA Relief's commitment for 2012 is estimated approximately at \$2,280,000 for the domestic and international programs:

- A. Orphan and widow support
- B. Education relief
- C. Health relief
- D. Skills and vocational training
- E. Economic empowerment and livelihood programs.
- F. Drinking water relief programs
- G. Iftar food & fitra gift relief programs
- H. Zabiha meat distribution relief programs

5 Bank Operations

The Centre was in compliance with terms of its banking agreement during the year and to date. There were no overdrawn balances during the year.

6 Contingencies/Lease commitments

There are no contingent liabilities to be noted . There were no legal cases pending at year end.

7 Accounts Receivable

The carrying value of accounts receivable approximates fair value because of the short maturity of these instruments and because they are subject to normal funding arrangements.

8 Accounts Payable and accrued liabilities

The carrying value of accounts payable approximates fair value because of the short maturity of these instruments and because they are subject to normal credit terms.

ISLAMIC CIRCLE OF NORTH AMERICA (RELIEF)

Notes to financial statements

Audited

For the Year Ended **December 31, 2011**

9 General Fund Account

The balance in the financial statements reflect accumulated balances brought forward from previous years.

10 Subsequent Events

There are no subsequent events which needed to be noted that will impact on current financial statements.

11 Financial Instruments

The fair values of short term financial assets and liabilities, including cash, accounts receivable, accounts payable and accrued liabilities as presented in the balance sheet approximate their carrying amounts due to the short period to maturity of these financial instruments.

The Centre's cash and cash equivalents are all maintained at a major financial institution and are subject to risks beyond Federal insured limits. Federally insured assets are also subject to risks from general interest rate fluctuations.

12 Cash and deposit

The Organization has reserved funds for emergency relief purposes. The Organization's Cash and Deposit amounts are with BMO and are as follows;

Designated fund for international and domestic programs.	900,000
Emergency relief fund	541,083
Others	96,400
	<hr/>
	\$ 1,537,483

13 Capital Disclosures

The Organization considers its capital to be amounts, if any, accumulated in net assets. The Organization's objective when managing capital is to ensure that sufficient funds are maintained for provision and awareness services.

14 Related party transactions

There were no related party transactions. No directors were remunerated for their services.

15 Material Uncertainties/Going Concern

Management is not aware of any events or conditions that will impair the Organization's ability to continue as a going concern.

16 Recent Canadian Accounting Pronouncements

The Accounting standards Board of the Canadian Institute of Chartered Accountants (CICA) has approved the incorporation of the standards set out in Part III of the CICA Handbook (Handbook) as the accounting standards applies to not-for-profit organizations. First-time adoption of this Part of the Handbook is mandatory for annual financial statements relating to the fiscal years beginning on or after January 1, 2012. A not-for-profit organization that prepares its financial statements in accordance with this part of the Handbook states that they have been prepared in accordance with Canadian accounting standards for not-for-profit organization applying this Part of the Handbook also applies the standards for private enterprises in Part II of the Handbook to the extent that the Part II standards address topics not addressed in this Part.

Management is in the process of assessing the impact of these new standards on the financial statements.