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

**FINANCIAL STATEMENTS**

**December 31, 2012  
(AUDITED)**

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

**December 31, 2012**

**(AUDITED)**

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*A. Q. Hotay, CPA, CA,  
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 financial position as at December 31, 2012 and the statements of operations, 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.

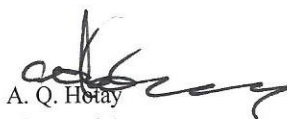
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

#### **Basis for Qualified Opinion**

In common with many charitable organizations, the centre 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 centre 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, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

  
A. Q. Hotay  
Chartered Accountant  
Licensed Public Accountant

Mississauga, Ontario  
June 28, 2013

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

**Statement of Financial Position**

**(AUDITED)**

**As At December 31**

**2012**

**2011**

**Assets**

**Current**

Cash & Bank	(Note 12)	517,976	96,400
Receivables and advances	(Note 7)	10,664	77,906
GST Receivable		31,206	-
<b>Total Current assets</b>		<b>\$ 559,846</b>	<b>\$ 174,306</b>

**Designated funds**

International and Domestic Programs	(Note 12)	2,240,706	900,000
Emergency Relief Funds	(Note 12)	490,425	541,083
		<u>2,731,131</u>	<u>1,441,083</u>

<b>Capital assets</b>	(Note 2)	5,011	6,264
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<b>Total assets</b>		<b>\$ 3,295,988</b>	<b>\$ 1,621,653</b>
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**Liabilities and Fund Balances**

**Current**

Accrued liabilities	(Note 8)	36,190	3,000
Deferred revenue	(Note 4)	2,731,131	1,441,083

<b>Total</b>		<b>\$ 2,767,321</b>	<b>\$ 1,444,083</b>
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**Fund Balances**

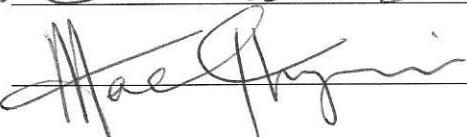
Consolidated fund account	(Note 9)	528,667	177,570
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<b>Total Liabilities and Fund Balances</b>		<b>\$ 3,295,988</b>	<b>\$ 1,621,653</b>
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Accompanying notes are an integral part of these financial statements

On behalf of the Board:

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

A.Q. Hotay  
Chartered Accountant  
Licensed Public Accountant

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

<b>For the year ended December 31</b>	<b>2012</b>	<b>2011</b>
<b>Revenue</b>		
Designated, other donations & FoodBank Income (Note 17)	3,280,000	4,039,946
Add: Donations In-Kind	398,333	306,413
Add: Deferred Revenue	1,441,083	900,000
<b>Total Revenue</b>	<b>\$ 5,119,416</b>	<b>\$ 5,246,359</b>
<b>Expenses</b>		
Legal and professional fees	4,019	14,287
Advertisement and promotions	15,693	26,744
Bank charges	59,924	12,861
Domestic programs	739,734	706,644
General & office expenses	3,433	13,194
Postage & courier	42,520	47,233
Printing & stationery	37,127	18,459
Management fees (Note 14)	32,800	-
Telephone	10,694	6,590
Travel & transportation	20,074	21,400
Amortization-capital assets	1,253	1,566
International disbursements	733,406	3,570,263
Insurance	3,500	-
Rent	4,800	4,800
Salaries and wages	219,120	236,608
<b>Total Expenses</b>	<b>\$ 1,928,097</b>	<b>\$ 4,680,649</b>
<b>Undisbursed Funds</b>	<b>3,191,320</b>	<b>565,710</b>
<b>Less: Deferred Revenue C/F</b> (Note 4)	<b>(2,731,131)</b>	<b>(1,441,083)</b>
	<u>460,189</u>	<u>(875,373)</u>
Prior year adjustments-Retained Earnings	(109,092)	-
Accumulated fund balance brought forward	<b>177,570</b>	<b>1,052,943</b>
<b>Amounts transfer to consolidated fund account</b>	<b>\$ 528,667</b>	<b>\$ 177,570</b>

Accompanying notes are an integral part of these financial statements



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

**Statement of Changes in Net Assets**

**(AUDITED)**

<b>For the year ended December 31</b>	<b>2012</b>	<b>2011</b>
<b>Unrestricted Net Assets</b> , beginning of year	177,570	1,052,943
<b>Excess of revenue over expenses for the year</b>	3,191,320	565,710
Decrease (increase) in investment in Capital assets	-	-
Less : Deferred revenue C/F	(2,731,131)	(1,441,083)
Prior year adjustments Retained earnings	(109,092)	
<b>Unrestricted Net Assets, end of year</b>	<b>\$ 528,667</b>	<b>\$ 177,570</b>
<b>Investment in Capital Assets, beginning of year</b>	<b>6,264</b>	<b>7,830</b>
<b>Less:</b> Amortization expense	(1,253)	(1,566)
	5,011	6,264
<b>Add:</b> Capital asset additions	-	-
<b>Investment in Capital Assets, end of year</b>	<b>\$ 5,011</b>	<b>\$ 6,264</b>

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**

**2012**

**2011**

**Cash flows provided by (used in) Operating Activities**

**Operations:**

Net income (loss) for the year \$ 460,189 \$ (875,373)

Items not effecting cash:

Amortization of Tangible assets 1,253 1,566

**Cash flow from Financing Activities 461,442 (873,807)**

**Changes in non-cash Working Capital**

Accounts receivable 67,242 (16,193)

GST receivable (31,206) -

Retained earnings adj (109,092)

Accounts payable 1,323,238 541,083

**Net cash provided by (used in) Operating activities 1,250,182 524,890**

**Net cash provided by (used in ) investing activities**

Addition to property & equipment - -

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

**Cash flow from Financing Activities 461,442 (873,807)**

**Net cash provided by (used in) Operating activities 1,250,182 524,890**

**Increase (decrease) in cash and cash equivalent 1,711,624 (348,917)**

Cash, beginning of the year 1,537,483 1,886,400

**Cash, end of the year \$ 3,249,107 \$ 1,537,483**

Accompanying notes are an integral part of these financial statements

A.Q.Hotay  
Chartered Accountant  
Licensed Public Accountant

# ISLAMIC CIRCLE OF NORTH AMERICA (RELIEF)

## Notes to financial statements

### Audited

For the Year Ended December 31, 2012

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#### Purpose of the Organization

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 (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.

On January 01, 2012, the Organization adopted Canadian accounting standards for not-for-profit Organization in Part III of The Canadian Institute of Chartered Accountants, (CICA) Handbook. These are the first financial statements prepared in accordance with not-for-profit standards.

In accordance with the transitional provisions in not-for-profit standards, the Organization has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transaction date is January 01, 2012 and all comparative information provided has been presented by applying not-for-profit standards. There are no transitional adjustments as a result of adopting Part III of the CICA Handbook.

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.

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#### 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



# ISLAMIC CIRCLE OF NORTH AMERICA (RELIEF)

## Notes to financial statements

### Audited

For the Year Ended December 31, 2012

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#### 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.

##### (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 (2011 - nil) were recorded in the financial statements. Services from directors and volunteers, though highly valued, are not recognized in monetary terms.

# ISLAMIC CIRCLE OF NORTH AMERICA (RELIEF)

## Notes to financial statements

### Audited

For the Year Ended December 31, 2012

#### 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.

### Notes to Financial Statement

#### 2 Capital Assets

	2012			2011
	Cost	Accumulated Amortization	Net	Net Assets
Furniture and equipment	29,720	24,709	5,011	6,264
	\$29,720	24,709	5,011	6,264

#### 3 Disbursement of Funds

During 2012 ICNA (Relief) had transferred \$733,406 to their partner organizations in Kenya, Pakistan, Kashmir, India, Indonesia, Sri Lanka, Bangladesh, Afghanistan, Tunisia Libya.

#### 4 Future Disbursements

ICNA Relief's commitment for 2013 is estimated approximately at \$2,731,131 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
- I. Emergency Relief programs

# ISLAMIC CIRCLE OF NORTH AMERICA (RELIEF)

## Notes to financial statements

### Audited

For the Year Ended December 31, 2012

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#### 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.

#### 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.	2,240,706
Emergency relief fund	490,425
Others	517,976
	<hr/>
	\$ 3,249,107

#### 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

No directors were remunerated for their services. A management fee of 1% of cash revenue is paid to parent organization ICNA Canada.



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

Notes to financial statements

**Audited**

**For the Year Ended December 31, 2012**

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**15 Material Uncertainties/Going Concern**

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

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**16 Financial instruments**

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The organization's financial instruments consist of cash and cash equivalents, restricted cash and cash equivalents, HST receivable, marketable securities, and accounts payable and accrued liabilities

**Fair values**

The carrying value of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these instruments. The marketable securities are carried at fair market value.

Unless otherwise noted, it is management's opinion that the centre is not exposed to significant interest, currency or credit risks.

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**17 Comparative information**

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Figures of the prior year have been reclassified to conform to current year's presentation, wherever found necessary.

The Actual Revenue for the year 2011 was \$ 3,660,966 calculated as follows:

Revenue as per Statement of Operations	4,039,946
Less: Libyan Wire returned reflected in Revenue by error	(100,000)
Less: Libyan Wire returned reflected in Revenue by error	(278,980)
	<u>3,660,966</u>