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

**FINANCIAL STATEMENTS**

**December 31, 2014  
(AUDITED)**

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

**December 31, 2014**

**(AUDITED)**

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*A. Q. Hotay, C.P.A, CA,  
Chartered Professional 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, 2014 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.

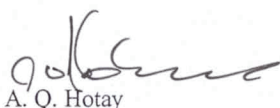
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

#### **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, 2014 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 Professional Accountant  
Licensed Public Accountant

Mississauga, Ontario  
July 27, 2015

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

**Statement of Financial Position  
(AUDITED)**

**As At December 31**

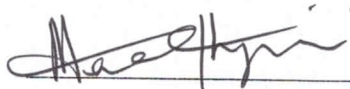
**2014**

**2013**

<b>Assets</b>			
<b>Current</b>			
Cash & bank	(Note 11)	45,524	375,237
Receivables	(Note 7)	58,498	73,194
HST receivable	(Note 7)	15,679	16,405
<b>Total Current assets</b>		<b>119,702</b>	<b>464,836</b>
Designated funds			
International and domestic programs	(Note 11)	1,742,120	1,659,738
Emergency relief fund		390,372	590,372
		<b>2,132,492</b>	<b>2,250,110</b>
Capital assets	(Note 2)	105,326	116,443
<b>Total assets</b>		<b>\$ 2,357,520</b>	<b>\$ 2,831,389</b>
<b>Liabilities and Fund Balances</b>			
<b>Current</b>			
Accrued liabilities	(Note 8)	82,230	102,520
Deferred revenue	(Note 4)	2,332,492	2,250,110
<b>Total</b>		<b>2,414,722</b>	<b>2,352,630</b>
<b>Fund Balances</b>			
Consolidated fund account	(Note 9)	(57,202)	478,759
<b>Total Liabilities and Fund Balances</b>		<b>\$ 2,357,520</b>	<b>\$ 2,831,389</b>

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)**

<b>For the year ended December 31</b>	<b>2014</b>	<b>2013</b>
Revenue		
Designated and other donations	4,502,881	3,870,441
Add: Other Income	3,226	-
Add: Donations In-Kind	780,440	482,546
Add: Deferred revenue	2,250,110	2,731,131
<b>Total Revenue</b>	<b>\$ 7,536,657</b>	<b>\$ 7,084,118</b>
Expenses		
Legal and professional fees	4,660	5,429
Advertisement and promotions	15,403	23,633
Bank charges	6,217	4,154
Domestic programs	1,360,102	905,044
General & office expenses	12,845	2,415
Postage & courier	26,254	20,509
Printing & stationery	26,589	21,257
Management fees to ICNA Canada	45,028	38,704
Telephone	9,135	14,005
Travel & transportation	21,616	20,680
Amortization-capital assets	26,041	13,640
International disbursements	3,945,431	3,501,586
Insurance	4,950	4,564
Rent	42,000	34,700
Salaries and wages	274,436	273,595
<b>Total Expenses</b>	<b>5,820,708</b>	<b>4,883,916</b>
Undisbursed Funds	1,715,949	2,200,202
Less: Deferred Revenue C/F	(2,332,492)	(2,250,110)
	(616,542)	(49,908)
Prior year adjustments-Retained Earnings	80,582	-
Accumulated fund balance brought forward	478,759	528,667
<b>Amounts transfered to consolidated fund account</b>	<b>\$ (57,201)</b>	<b>\$ 478,759</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>2014</b>	<b>2013</b>
Unrestricted Net Assets, beginning of year	478,759	528,667
Excess of revenue over expenses for the year	(616,542)	(49,908)
Prior year adjustments	80,581	-
<b>Unrestricted Net Assets, end of year</b>	<b>(57,202)</b>	<b>478,759</b>
Investment in Capital Assets, beginning of year	116,443	5,011
Less: Amortization expense	(26,041)	(13,640)
	90,401	(8,629)
Add: Capital asset additions	14,925	125,072
<b>Investment in Capital Assets, end of year</b>	<b>\$ 105,326</b>	<b>\$ 116,443</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**

**2014**

**2013**

Cash flows provided by (used in) Operating Activities

Operations:

Net income (loss) for the year \$ (616,542) \$ (49,908)

Items not effecting cash:

Amortization of Tangible assets 26,041 13,640

Cash flow from Financing Activities (590,501) (36,268)

Changes in non-cash Working Capital

Accounts receivable 14,696 (62,530)

HST receivable 726 14,801

Prior year adjustment 80,582 -

Accounts payable 62,092 (414,691)

Net cash provided by (used in) Operating activities 158,096 (462,420)

Net cash provided by (used in ) investing activities

Addition to property & equipment (14,925) (125,072)

Net cash provided by (used in) Investing activities (14,925) (125,072)

Cash flow from Financing Activities (590,501) (36,268)

Net cash provided by (used in) Operating activities 158,096 (462,420)

Increase (decrease) in cash and cash equivalents (447,331) (623,760)

Cash, beginning of the year 2,625,347 3,249,107

**Cash, end of the year \$ 2,178,016 \$ 2,625,347**

Accompanying notes are an integral part of these financial statements

# ISLAMIC CIRCLE OF NORTH AMERICA

## (RELIEF)

### Notes to financial statements

#### (AUDITED)

For the Year Ended December 31, 2014

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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 , Sierra Leone, Haiti, Burma, Iraq, Guyana .

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.

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

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##### 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

The Organization provides amortization on all its capital assets using the methods and rates set out below, designed to amortize costs over the expected useful life of the respected assets. Acquisitions during the year are amortized at 1/2 the normal rate.

Capital assets are recorded at cost.

Furniture and Equipment -	20%	on diminishing balance basis
Computer -	45%	on diminishing balance basis
Leasehold Improvement -	20%	on diminishing balance basis



# ISLAMIC CIRCLE OF NORTH AMERICA

## (RELIEF)

### Notes to financial statements

#### (AUDITED)

For the Year Ended December 31, 2014

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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 (2014 - 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, 2014**

#### 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

	2014			2013	
	Cost/ Addition	Accumulated Amortization	Net	Amortization	Net
Computer	12,654	5,650	7,004	2,914	807
Furniture and equipment	54,984	37,403	17,581	3,493	17,463
Leasehold Improvements	152,667	71,926	80,741	19,635	98,173
	<b>\$ 220,305</b>	<b>\$ 114,979</b>	<b>\$ 105,326</b>	<b>26,041</b>	<b>\$ 116,443</b>

### 3 Disbursement of Funds

During 2014 ICNA (Relief) had transferred \$ 3,945,431. to their partner organizations in Kenya, Pakistan, Kashmir, India, Indonesia, Sri Lanka, Bangladesh, Afghanistan, Tunisia, Libya, Haiti, Burma, Iraq, Guyana.

### 4 Future Disbursements

ICNA Relief's commitment for 2015 is estimated approximately at \$2,332,500 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, 2014**

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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.

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**6 Contingencies/Lease commitments**

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

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**7 Receivable**

This amount represent money receivable from inter companies branches and HST receivables.

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**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.

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**9 General Fund Account**

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

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**10 Subsequent Events**

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

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**11 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.	2,132,492
Others	45,524
	<u>\$ 2,178,016</u>

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**12 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.

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**13 Related party transactions**

No directors were remunerated for their services. A Management fee is paid to parent organization ICNA Canada.

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**14 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.

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# ISLAMIC CIRCLE OF NORTH AMERICA

## (RELIEF)

### Notes to financial statements

#### (AUDITED)

For the Year Ended December 31, 2014

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## 15 Financial instruments and risk management

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### Risks and concentrations

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the balance sheet date, i.e. December 31, 2014.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable.

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity is not exposed to any credit risk.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk. All the funds in the Bank are deposited interest free.