



ISLAMIC CIRCLE OF NORTH AMERICA

(RELIEF)

FINANCIAL STATEMENTS

December 31, 2016

(AUDITED)



ISLAMIC CIRCLE OF NORTH AMERICA

(RELIEF)

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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, 2016 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 accounting standards for not-for-profit organizations 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 my audit. I conducted the 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, 2016 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
September 25, 2017

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)
STATEMENT OF FINANCIAL POSITION
(AUDITED)
AS AT DECEMBER 31**

		2016	2015
Assets			
Current assets			
Cash and bank	(Note 2)	\$ 2,411,005	\$ 108,093
Accounts receivable and advances	(Note 3)	240,263	20,356
HST receivable	(Note 3)	21,541	17,414
		<u>2,672,808</u>	<u>145,863</u>
Designated funds			
International and domestic programs	(Note 2)	2,332,492	2,332,491
Endowment reserve		580,101	268,620
		<u>2,912,593</u>	<u>2,601,111</u>
Capital assets			
	(Note 4)	804,102	849,792
Total assets		<u>\$ 6,389,503</u>	<u>\$ 3,596,766</u>
Liabilities and Fund Balances			
Current liabilities			
Current liabilities and accrued expenses	(Note 5)	\$ 457,545	\$ 116,034
Deferred revenue	(Note 6)	4,105,540	3,212,108
		<u>4,563,085</u>	<u>3,328,142</u>
Fund balances			
Accumulated fund balance bought forward	(Note 7)	1,246,317	4
Endowment reserve fund		580,101	268,620
		<u>1,826,418</u>	<u>268,624</u>
Total Liabilities and Fund Balances		<u>\$ 6,389,503</u>	<u>\$ 3,596,766</u>

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

	2016	2015
Revenue		
Designated and other donations	\$ 6,229,618	\$ 5,372,399
Donations in-kind	1,499,750	1,497,533
Deferred revenue	3,212,108	2,332,492
	<u>10,941,476</u>	<u>9,202,424</u>
Expenses		
Advertising and promotions	17,254	23,257
Amortization	49,718	39,166
Bank charges	10,949	9,038
Domestic programs	2,310,024	2,089,131
Occupancy cost	42,000	42,000
Office and general expenses	30,025	15,497
Insurance	5,108	4,278
International disbursements (Note 8)	2,616,021	3,226,097
Professional fees	7,197	27,440
Management fees to ICNA Canada	62,296	53,724
Postage and courier	12,255	20,489
Printing and stationery	55,871	31,539
Salaries and allowances	340,632	306,136
Telephone	7,647	6,520
Travel and transportation	22,627	39,798
	<u>5,589,624</u>	<u>5,934,110</u>
Undisbursed funds	5,351,852	3,268,313
Less: Deferred revenue carryforward	(4,105,540)	(3,212,108)
Excess / (deficiency) of revenue over expenses	\$ 1,246,312	\$ 56,205

Accompanying notes are an integral part of these financial statements

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)
STATEMENT OF CHANGES IN FUND BALANCES
(AUDITED)
FOR THE YEAR ENDED DECEMBER 31**

	2016	2015
Accumulated fund balance, beginning of year	\$ 4	\$ (57,202)
Excess of revenue over expenses for the year	1,246,312	56,205
Prior year adjustment retained earnings	-	1,001
Accumulated fund balance, end of year	\$ 1,246,317	\$ 4
Investment in capital assets, beginning of year	\$ 849,792	\$ 105,326
Less: Amortization expense	(49,718)	(39,166)
Add: Capital asset additions	4,028	783,632
Investment in capital assets, end of year	\$ 804,102	\$ 849,792

Accompanying notes are an integral part of these financial statements

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)
STATEMENT OF CASH FLOWS
(AUDITED)**

FOR THE YEAR ENDED DECEMBER 31	2016	2015
Cash flows provided by (used in)		
Operating activities		
Excess / (deficiency) of revenue over expenses	\$ 1,246,312	\$ 56,205
Items not effecting cash		
Prior year adjustment retained earnings	-	1,001
Amortization	49,718	39,166
	<u>1,296,031</u>	<u>96,373</u>
Change in non-cash working capital balances		
Accounts receivable and advances	(219,906)	38,142
HST receivable	(4,127)	(1,734)
Current liabilities and accrued expenses	341,512	33,803
Deferred revenue	893,432	879,616
	<u>2,306,941</u>	<u>1,046,200</u>
Investing activities		
Designated funds	(311,482)	(468,619)
Endowment reserve fund	311,481	268,620
Addition to property & equipment	(4,028)	(783,632)
	<u>(4,029)</u>	<u>(983,631)</u>
Financing activities		
Long term obligation	-	-
	<u>-</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	2,302,911	62,569
Cash and cash equivalents, beginning of the year	108,093	45,524
Cash and cash equivalents, end of the year	\$ 2,411,005	\$ 108,093

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, 2016**

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 (Relief) actively supports and operates programs in Pakistan, Bangladesh, Kenya, Kashmir, Sri Lanka, Indonesia, India, Sierra Leone, Haiti, Burma, Guyana, USA and Canada.

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

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% diminishing balance method
Computer	45% diminishing balance method
Leasehold Improvement	20% diminishing balance method
Buildings	4% diminishing balance method

Financial Instruments

Islamic Circle Of North America (Relief) applies the CPA Handbook section, 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.

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 a 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 (2015 - nil) were recorded in the financial statements. Services from directors and volunteers, though highly valued, are not recognized 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.

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

NOTES TO FINANCIAL STATEMENTS

(AUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2016

Future accounting framework

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

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

Notes to Financial Statement

2 Cash and bank

The ICNA Relief has reserved funds for emergency relief purposes. The Organization's cash and deposit amounts with the banks are as follows;

	2016	2015
Designated fund for international and domestic programs	2,912,593	2,601,111
Cash and bank	2,411,005	108,093
	<u>\$ 5,323,598</u>	<u>\$ 2,709,204</u>

3 Accounts receivable and advances

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

4 Capital Assets

	2016					Net 2015
	Cost	Addition	Accumulated Amortization	Net book value	Amortization	
Computer	10,681	-	8,061	2,620	2,144	4,764
Furniture and equipment	54,137	4,028	39,360	18,805	4,198	18,975
Leasehold Improvements	111,530	-	59,855	51,675	12,919	64,593
Buildings	777,000	-	45,998	731,002	30,458	761,460
	<u>953,348</u>	<u>4,028</u>	<u>153,273</u>	<u>804,102</u>	<u>49,718</u>	<u>849,792</u>

5 Current liabilities and accrued expenses

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.

6 Deferred revenue

ICNA Relief's commitment for 2017 is estimated approximately at \$4,105,540 for the domestic and international programs:

- A. Orphan sponsorship program & Educational relief
- B. Healthcare & Women empowerment
- C. Disaster & Emergency relief
- D. Microfinancing & Water for life
- E. Global Zabiha
- F. Women's shelter & Seniors support
- G. Resource centers & Food banks
- H. Syrian refugee sponsorship & Domestic zakat program
- I. Family Counselling & Matrimonial support
- J. Funeral support & Foster parenting
- K. Youth leadership development program

A.Q. Hotay
Chartered Professional Accountant
Licensed Public Accountant

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

7 General Fund Account

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

8 Disbursement of Funds

During 2016 ICNA (Relief) had transferred \$ 2,616,021. to their partner organizations in Kenya, Pakistan, Kashmir, India, Indonesia, Sri Lanka, Bangladesh, Afghanistan, Nepal, Burma, Guyana ,USA and Canada.

9 Bank Operations

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

10 Contingencies/Lease commitments

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

11 Subsequent Events

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

12 Capital Disclosures

The ICNA Relief 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.

13 Related party transactions

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

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.

15 Financial instruments and risk management

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, 2016.

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.