



**ISLAMIC CIRCLE OF NORTH AMERICA
RELIEF**

FINANCIAL STATEMENTS

December 31, 2017

AUDITED



ISLAMIC CIRCLE OF NORTH AMERICA
RELIEF

FINANCIAL STATEMENTS

December 31, 2017

AUDITED

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*A. Q. Hotay, CPA, 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, 2017 and the statements of operations, changes in fund balances 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.

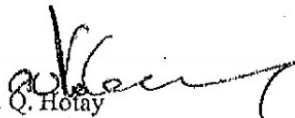
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

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, 2017 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
October 29, 2018

**ISLAMIC CIRCLE OF NORTH AMERICA
RELIEF**

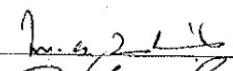

**STATEMENT OF FINANCIAL POSITION
AUDITED**

AS AT DECEMBER 31

	2017	2016
Assets		
Current assets		
Cash and bank (Note 2)	\$ 4,396,441	\$ 2,411,005
Accounts receivable (Note 3)	4,145	239,223
Security deposits (Note 4)	1,040	1,040
HST receivable	41,647	21,541
	<u>4,443,273</u>	<u>2,672,808</u>
Non-current assets		
Net capital assets (Note 5)	759,587	804,102
	<u>759,587</u>	<u>804,102</u>
Designated funds (Note 2)		
International and domestic programs	2,484,002	2,332,492
Endowment reserve	985,549	580,101
	<u>3,469,551</u>	<u>2,912,593</u>
Total Assets	\$ 8,672,410	\$ 6,389,503
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 251,466	\$ 306,035
Deferred revenue (Note 7)	4,528,176	4,105,540
	<u>4,779,642</u>	<u>4,411,575</u>
Fund balances		
Accumulated fund balance brought forward (Note 8)	2,907,219	1,397,827
Endowment reserve fund	985,549	580,101
	<u>3,892,768</u>	<u>1,977,928</u>
Total Liabilities and Fund Balances	\$ 8,672,410	\$ 6,389,503

Accompanying notes are an integral part of these financial statements

On behalf of the Board:


 _____ Director

 _____ Director

A.Q. Hotay
Chartered Professional Accountant
Licensed Public Accountant

**ISLAMIC CIRCLE OF NORTH AMERICA
RELIEF
STATEMENT OF OPERATIONS
AUDITED**

FOR THE YEAR ENDED DECEMBER 31

	2017	2016
Revenue		
Designated and other donations	\$ 8,108,964	\$ 6,229,618
Donations in-kind	1,443,343	1,499,750
Deferred revenue	4,105,540	3,212,108
	<u>13,657,847</u>	<u>10,941,476</u>
Expenses		
<i>Charitable activities expenses</i>		
Domestic programs	2,301,728	2,247,246
International disbursements (Note 9)	4,702,186	2,616,021
	<u>7,003,914</u>	<u>4,863,267</u>
<i>Fundraising expenses</i>		
Advertising and promotion	25,999	15,625
Fundraising expenses	91,510	142,950
Salaries and benefits	144,457	118,223
Travel and transportation	41,099	22,627
	<u>303,065</u>	<u>299,425</u>
<i>Management and administration expenses</i>		
Insurance	5,912	5,108
Licenses, memberships and dues	1,466	1,629
Administrative expenses	81,090	62,296
Occupancy cost	42,000	42,000
Office and general expenses	13,291	26,402
Professional fees	5,453	7,197
Salaries and benefits	116,250	229,899
Telephone and communications	3,322	2,684
	<u>268,784</u>	<u>377,214</u>
<i>Other expenses</i>		
Amortization	44,515	49,718
	<u>44,515</u>	<u>49,718</u>
Total expenses	7,620,279	5,589,624
Undisbursed funds	6,037,568	5,351,852
Less: Deferred revenue carryforward	4,528,176	4,105,540
Excess / (deficiency) of revenue over expenses	\$ 1,509,392	\$ 1,246,312

Accompanying notes are an integral part of these financial statements

A.Q. Hotay
Chartered Professional Accountant
Licensed Public Accountant

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**ISLAMIC CIRCLE OF NORTH AMERICA
RELIEF
STATEMENT OF CHANGES IN FUND BALANCES
AUDITED**

FOR THE YEAR ENDED DECEMBER 31	2017	2016
Accumulated fund balance, beginning of year	\$ 1,397,827	\$ 4
Excess of revenue over expenses for the year	1,509,392	1,246,312
Prior year adjustment retained earnings	-	151,511
Accumulated fund balance, end of year	\$ 2,907,219	\$ 1,397,827
Investment in capital assets, beginning of year	\$ 804,102	\$ 849,792
Less: Amortization expense	44,515	49,718
Add: Capital asset additions	0	4,028
Investment in capital assets, end of year	\$ 759,587	\$ 804,102

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

2017

2016

Cash flows provided by (used in)

Operating activities

Excess / (deficiency) of revenue over expenses	\$ 1,509,392	\$ 1,246,312
Items not effecting cash		
Prior year adjustment retained earnings	-	151,511
Amortization	44,515	49,718
	1,553,907	1,447,541
Change in non-cash working capital balances		
Accounts receivable	235,077	(220,306)
Security deposits	-	400
HST receivable	(20,106)	(4,127)
Accounts payable and accrued liabilities	(54,569)	190,002
Deferred revenue	422,636	893,432
	2,136,945	2,306,941

Investing activities

Designated funds	(556,958)	(311,482)
Endowment reserve fund	405,448	311,481
Addition to property & equipment	(0)	(4,028)
	(151,510)	(4,029)

Increase (decrease) in cash and cash equivalents 1,985,436 2,302,912

Cash and cash equivalents, beginning of the year 2,411,005 108,093

Cash and cash equivalents, end of the year \$ 4,396,441 \$ 2,411,005

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, 2017**

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 (ICNA) 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. Capital assets are recorded at cost. Acquisitions during the year are amortized at 1/2 the normal rate.

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, 2017**

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 (2016 - 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, 2017

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.

2 Cash and bank

The ICNA Relief has reserved funds for emergency relief purposes and has also reserved funds in endowment fund account. The Organization's cash and bank amounts with the banks are as follows;

	2017	2016
Designated funds	3,469,551	2,912,593
Cash and bank	2,411,005	2,411,005
	\$ 5,880,556	\$ 5,323,598

3 Accounts receivable

This amount represent money receivable from Interorganizational transactions.

4 Security deposits

The amount is hold with Enersource.

5 Capital Assets

Capital Assets are recorded at cost less amortization.

	2017					Net 2016
	Cost	Additions / (Disposals)	Accumulated Amortization	Net book value	Amortization	
Computer	10,681	-	9,240	1,441	1,179	2,620
Furniture and equipment	58,165	-	43,121	15,044	3,761	18,805
Leasehold Improvements	111,530	-	70,190	41,340	10,335	51,675
Buildings	777,000	-	75,238	701,762	29,240	731,002
	\$ 957,375	\$ -	\$ 197,789	\$ 759,587	\$ 44,515	\$ 804,102

6 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
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NOTES TO FINANCIAL STATEMENTS
AUDITED
FOR THE YEAR ENDED DECEMBER 31, 2017

7 Deferred revenue

ICNA Relief's commitment for 2018 is estimated approximately at \$4,528,176 for the domestic and international programs:

- A. Orphan sponsorship program & Educational relief
- B. Healthcare & Women empowerment
- C. Disaster & Emergency relief
- D. Micro financing & 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 Counseling & Matrimonial support
- J. Funeral support & Foster parenting
- K. Youth leadership development program

8 General Fund Account

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

9 Disbursement of Funds

During 2017 ICNA Relief had transferred \$4,702,186. to their partner organizations in Kenya, Pakistan, Kashmir, India, Indonesia, Sri Lanka, Bangladesh, Afghanistan, Nepal, Burma, Guyana ,USA and Canada.

10 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.

11 Contingencies/Lease commitments

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

12 Subsequent Events

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

13 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.

14 Related party transactions

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

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.

**ISLAMIC CIRCLE OF NORTH AMERICA
RELIEF
NOTES TO FINANCIAL STATEMENTS
AUDITED
FOR THE YEAR ENDED DECEMBER 31, 2017**

16. 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, 2017.

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.