
ISLAMIC CIRCLE OF NORTH AMERICA

(RELIEF)

FINANCIAL STATEMENTS

December 31, 2015

(AUDITED)

ISLAMIC CIRCLE OF NORTH AMERICA

(RELIEF)

December 31, 2015

(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, 2015 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, 2015 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 30, 2016

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

**STATEMENT OF FINANCIAL POSITION
(AUDITED)**

AS AT DECEMBER 31 **2015** **2014**

Assets

Current assets

Cash and bank	(Note 11)	\$	108,093	\$	45,524
Accounts receivable and advances	(Note 7)		20,356		58,498
HST receivable	(Note 7)		17,414		15,679
			145,863		119,702

Designated funds

International and domestic programs	(Note 11)		2,332,491		2,132,492
Endowment reserve			268,620		-
			2,601,111		2,132,492

Capital assets	(Note 2)		849,792		105,326
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Total assets		\$	3,596,766	\$	2,357,520
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Liabilities and Fund Balances

Current liabilities

Current liabilities and accrued expenses	(Note 8)	\$	116,034	\$	82,230
Deferred revenue	(Note 4)		3,212,108		2,332,492
			3,328,142		2,414,722


Fund balances

Accumulated fund balance bought forward	(Note 9)		4		(57,202)
Endowment reserve fund			268,620		-
			268,624		(57,202)

Total Liabilities and Fund Balances		\$	3,596,766	\$	2,357,520
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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	2015	2014
Revenue		
Designated and other donations	\$ 5,372,399	\$ 4,502,881
Other income	-	3,226
Donations in-kind	1,497,533	780,440
Deferred revenue	2,332,492	2,250,110
	<u>9,202,424</u>	<u>7,536,657</u>
Expenses		
Advertising and promotions	23,257	15,403
Amortization	39,166	26,041
Bank charges	9,038	6,217
Domestic programs	2,089,131	1,360,102
Occupancy cost	42,000	42,000
Office and general expenses	15,497	12,845
Insurance	4,278	4,950
International disbursements	3,226,097	3,945,431
Professional fees	27,440	4,660
Management fees to ICNA Canada	53,724	45,028
Postage and courier	20,489	26,254
Printing and stationery	31,539	26,589
Salaries and allowances	306,136	274,436
Telephone	6,520	9,135
Travel and transportation	39,798	21,616
	<u>5,934,110</u>	<u>5,820,708</u>
Undisbursed funds	3,268,313	1,715,949
Less: Deferred revenue carryforward	(3,212,108)	(2,332,492)
Excess / (deficiency) of revenue over expenses	<u>\$ 56,205</u>	<u>\$ (616,542)</u>

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	2015	2014
Accumulated fund balance, beginning of year	\$ (57,202)	\$ 478,759
Excess of revenue over expenses for the year	56,205	(616,542)
Prior year adjustment retained earnings	1,001	80,581
Accumulated fund balance, end of year	\$ 4	\$ (57,202)
Investment in capital assets, beginning of year	\$ 105,326	\$ 116,443
Less: Amortization expense	(39,166)	(26,041)
Add: Capital asset additions	783,632	14,925
Investment in capital assets, end of year	\$ 849,792	\$ 105,326

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

2015

2014

Cash flows provided by (used in)

Operating activities

Excess / (deficiency) of revenue over expenses	\$	56,205	\$	(616,542)
Items not effecting cash				
Amortization		39,166		26,041
		95,372		(590,501)
Change in non-cash working capital balances				
Accounts receivable and advances		38,142		14,696
HST receivable		(1,734)		726
Current liabilities and accrued expenses		33,803		(20,290)
Deferred revenue		879,616		82,382
Retained earning adjustment		1,001		80,582
		1,046,200		(432,405)

Investing activities

Designated funds		(468,619)		(2,132,492)
Endowment reserve fund		268,620		-
Addition to property & equipment		(783,632)		(14,925)
		(983,631)		(2,147,417)

Financing activities

Long term obligation		-		-
		-		-

Increase (decrease) in cash and cash equivalents 62,569 (2,579,822)

Cash and cash equivalents, beginning of the year 45,524 2,625,346

Cash and cash equivalents, end of the year \$ 108,093 \$ 45,524

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, 2015**

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.

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% on diminishing balance basis
Computer	-	45% on diminishing balance basis
Leasehold Improvement	-	20% on diminishing balance basis
Buildings	-	4% on diminishing balance basis

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 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 (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, 2015**

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

	2015			2014		
	Cost/ Addition	Accumulated Amortization	Net	Amortization	Net	
Computer	10,681	5,917	4,764	3,416	7,004	
Furniture and equipment	54,137	35,162	18,975	4,062	17,581	
Leasehold Improvements	111,530	46,936	64,594	16,148	80,741	
Buildings	777,000	15,540	761,460	15,540	-	
	\$ 953,348	\$ 103,556	\$ 849,792	\$ 39,166	\$ 105,326	

3 Disbursement of Funds

During 2015 ICNA (Relief) had transferred \$ 3,226,097. to their partner organizations in Kenya, Pakistan, Kashmir, India, Indonesia, Sri Lanka, Bangladesh, Afghanistan, Nepal, Burma, and Guyana.

4 Future Disbursements

ICNA Relief's commitment for 2016 is estimated approximately at \$2,482,000 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
- I. Emergency Relief programs

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

5 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.

6 Contingencies/Lease commitments

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

7 Receivable

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

8 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.

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 Cash and deposit

The ICNA Relief 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.	2,601,111
Others	108,093
	<u>\$ 2,709,204</u>

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.

**ISLAMIC CIRCLE OF NORTH AMERICA
(RELIEF)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015.

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.