

ISNA Canada Annual General Meeting

2022-10-30 10:30am – 1:30pm

Via Online and In-person at ISNA Canada HQ

Agenda

1. Welcome and Housekeeping
 2. Keynote Address by Guest Speaker
 3. Review of Accomplishments
 4. Quorum Confirmation
 5. Financials
 6. Approval of the Auditor
 7. Approval of the Nominations and Elections Committee
 8. Q&A
 9. Closing Dua
-

Minutes

1. Welcome and Housekeeping by Nabeel with opening Du'a at 10:43am.
2. Keynote Address by Guest Speaker by Sh Shoaib Wardak

Sheikh Shoaib spoke about the importance of consultation (Shura) and gave tremendous examples from the Sahaba. Even the Prophet Sallallahu 'alaihi wasallam who was the conveyer of the Message of Allah still took advice from his companions. It is important that we take Shura and consultation like in this meeting.

There should be freedom of opinion/expression and people should be willing to surrender their opinion if they do not get their way. There is no grouping and cults in Islam and we should be doing things without compulsion. People should present and we need people who present their opinion without grudges or ill will or harbouring ill will.

We ask Allah to give us the ability what is expected of us in the manner He is pleased with. We pray we do so with pure hearts and seeking His pleasure.

3. Review of Accomplishments

CEO of ISNA Canada, Fouzan Khan went through the Annual Impact Report of 2021 Appendix A.

- ISNA worked through the pandemic in incredibly creative ways. ISNA gave out thousands of relief boxes and support to families. We supported mental health online in unique ways. We engaged our 2000 volunteers outdoors and other unique ways with Walk the Talk Tree planting, park cleaning, and more.
- Halal Certification Services were at 65 clients last year.

- Ramadan at ISNA was with 314 unique volunteers, 1400 Fitra Boxes distributed, 25,448 Iftar meals distributed.
- 10K community members in Drive-thru. 1521 individuals in 13 Eid congregations.
- Eidul Fitr 10K community members in attendance, 40 attractions.
- Many camps for kids and youth.
- Launch of our Youth Hub.
- 32 employed interns.
- And the list goes on.

We acknowledge the heartbreaking loss of Br. Amjad Syed, the long-standing Custodian of Jami Mosque and we pray for his Jannatul Firdaus. We thank him and make Du'a for his incredible impact on the community.

Br. Nabeel also thanked Fouzan for his continued work with ISNA Canada as ISNA's CEO. "You have not thanked Allah until you've thanked the people."

Among the other people that have been acknowledged and thanked is MD Khalid who was present.

4. Quorum Confirmation

We have reached quorum at 72 confirmed at 11am.

Agenda approval as per the above agenda:

Zainab Shaheen moved the agenda. Ruqaiya Jilani seconded. 17 in the room and 26 online voted in favour. No one voted against or abstained. Agenda carried.

5. Financials

Riad Issawi moved the 2021 Audited Financial Statements (Appendix B). Mustapha seconded. 21 in the room and 20 online voted in favour. 1 voted against online and no one abstained. Financials approved and carried.

6. Approval of the Auditor

Motion to pursue Grant Thornton as our auditor and if they are unable to, then RPN - Khalid Jafri moved. Zainab Shaheen seconded. 18 in room with aye in room. 22 voted aye online. No nays. Motion carried.

7. Approval of the Nominations and Elections Committee

Ruqaiya Jilani moved to approve Abdul Kerim Sandooya, Zainab Khan, Fezal Ackburally, and Khalid Jafri as the four members of the nominations and elections committee. Riad Issawi seconded. 21 voted in favour in the room and 23 online. No abstentions or against. Motion carried.

8. Q&A

Question and answer session.

9. Closing Remarks and Dua by Sh Abdalla Idris. **He also wanted to note that there are thousands of youth now coming to ISNA that we failed to bring and attract in the past. He wanted to truly acknowledge this and that we should not miss this. We should not make light of this. May Allah bless your efforts and keep them together.**

Meeting closed at 12:24pm.

Minutes written and recorded by Usman Siddiqui, Secretary of ISNA Canada

APPENDIX A



ANNUAL **IMPACT** **REPORT**

2021



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Letter from the CEO

Dear Friends and Supporters:

As' Salaamu Alaykum. We have lived through another year under the lingering cloud of a pandemic that has been woeful and wearying for many. Yet we are asked as believers to see the light that shines amidst the darkness of adversities as the Qur'an reminds us: "Surely with hardship comes ease; surely with hardship comes ease" (94:5-6).

By the grace of God, we have witnessed this ease at ISNA Canada as we reopened our centres in Summer 2021, albeit with the requisite precautions for health and safety. After the halting of the consumer carnival, the Mardi Gras of our product-addicted age brought by the pandemic, we have opened ourselves to a world that is offering us a new beginning.

We have started this new chapter in our shared reality, with historic Ramadan iftaar drive-thru events, Eid celebrations marking the welcoming of our

community into the centres, opening of our youth hub, much needed food bank services, return of educational programs and more. These are some of the many gratifying openings God the Generous blessed us with. As a result, we look to the future of ISNA Canada with hope and optimism.

With 2021 serving as a transition year with monumental changes lived, we believe a new foundation has been laid to realize a vision that is promising and resting on the strong shoulders of our youth, while borrowing from the wisdoms of our past.

None of us knows what tomorrow holds and the possible trials and tribulations it may bring, but whatever may come, we are filled with gratitude to our Lord for all that has been bestowed upon us, and we pray that we are made judicious and dutiful stewards of this sacred trust. We must recognize that to the extent that we have

"With 2021 serving as a transition year with monumental changes lived, we believe a new foundation has been laid to realize a vision that is promising and resting on the strong shoulders of our youth, while borrowing from the wisdoms of our past."

internalized our Islam, we will not suffer much from such trials or from such tribulations. The future is God's, not man's; all is His, and we travel into it as He decrees.

We ask that our exalted and generous Lord continues to bless, support, grow, and sustain our work for this community, for our Prophet - God's peace and blessings upon him -and for Him, our beloved Creator, for the short time we have been allotted here on earth.

"Will He we live, no mortal power
Can take our lives away;
Will He we die, to Him we pass;
No need to feel dismay.

O may we thus through life's rough
voyage
With all its tempests cope;
Make God the rock whereon we cast
The anchor of our hope.

Come weal: to Him we give the praise;
Come woe: on Him we rest.
Even death is bliss to hearts assured,
Whatever He sends is best."

With Gratitude,
Fouzan Khan

"We look to the future of ISNA Canada with hope and optimism."



WHO WE ARE

Nabeel Mirza
Chair of Board

Michael Singh
Vice Chair of Board

Mostafa Soliman
Treasurer

Absal Abdul Hafedh
Board Member

Usman Siddiqui
Secretary

Omayya Rakieh
Board Member

Qadija Yusuf
Board Member

Raadiya Mohamed
Board Member

**Mohammed Adeel
Abbasi**
Board Member

Mustapha Ramadan
Board Member

Wael Assal
Board Member

OF DIRECTORS

ISNA CANADA'S BOARD

ISNA CANADA'S COVID RESPONSE

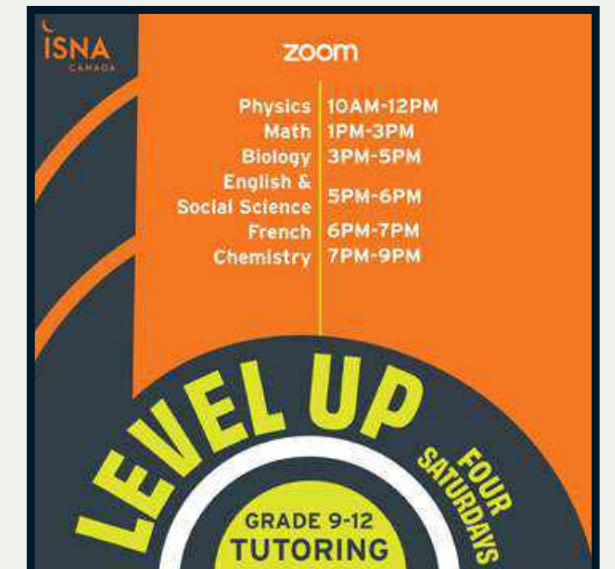
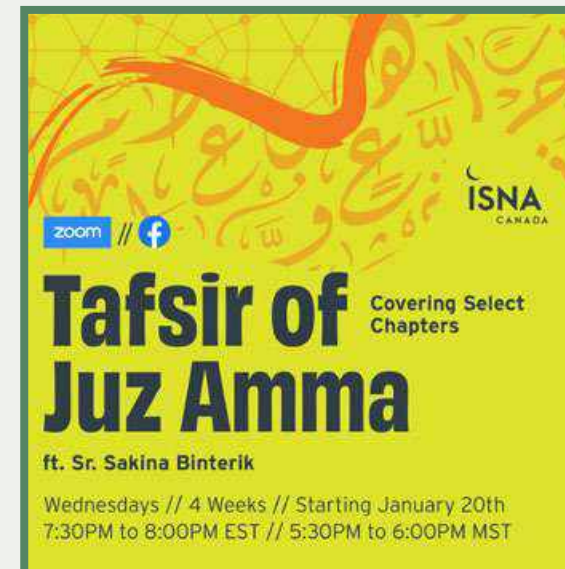


The COVID-19 Pandemic had a devastating global impact on daily life, mental health, religious observance and other aspects of life. Over the past year, ISNA Canada tackled the COVID-19 crisis through its characteristic determination, resilience and community

support. From converting to online programming to rolling out vaccine clinics, increasing food bank capacity and offering drive-thru Iftars, ISNA Canada was on the frontlines supporting and serving the community during this unpredictable and tumultuous time.

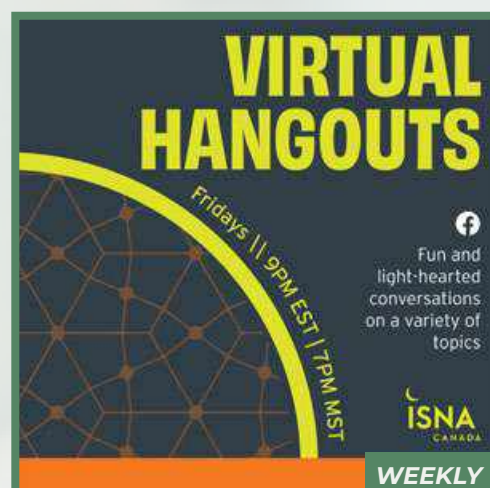
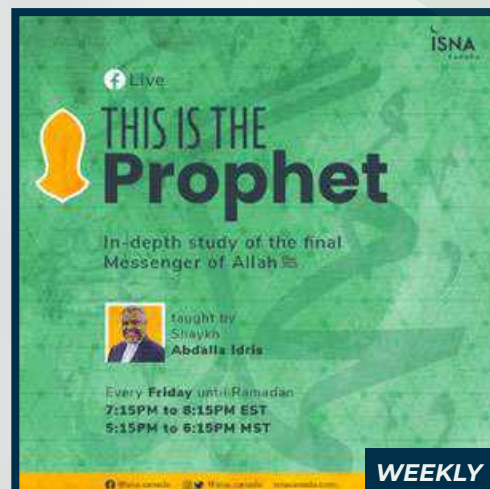
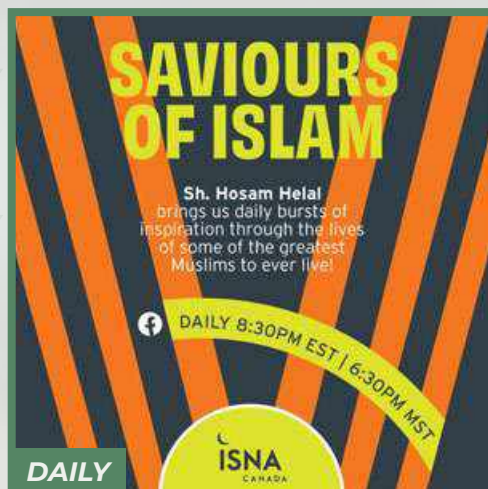
PROGRAMS & SERVICES

28 Day Lockdown Series
Virtual | Weekly & Daily Programming



And more!

Knowing & loving Allah SWT - Grades 1-4
Building bonds - Grades 5-8
From the heart of Arabia - Grades 9-12



2 Month Campaign

Provided free meals for long term care staff - in partnership with Paramount Fine Foods and Islamic Relief Canada.

Covid Relief Boxes

And more!

Qur'anic Guidance for Change - Sh. Ehab Kelani (*Daily*)

Ayatul Ahkam - Sh. Abdalla (*Weekly*)

Purification of the heart - Dr. Ali Albargouthi (*Weekly*)

Youth Book Clubs (*Weekly*)

Picture Perfect: Photography Class (*Weekly*)

Coloring Spaces: Painting Workshop (*Weekly*)

1,933

Covid Relief Boxes Distributed



Each box of non-perishable items was delivered to community members for those who had lost their jobs and were unable to make ends meet, had COVID-19 and couldn't leave the house, or were at high risk of contracting COVID-19.

Vaccine Clinics



300+
Vaccines Administered

Throughout the rollout of the COVID-19 vaccine, ISNA Canada determined that it was imperative for our organization to partner with Peel Public Health and other community partners to administer COVID-19 clinics for the local community.



Food Bank

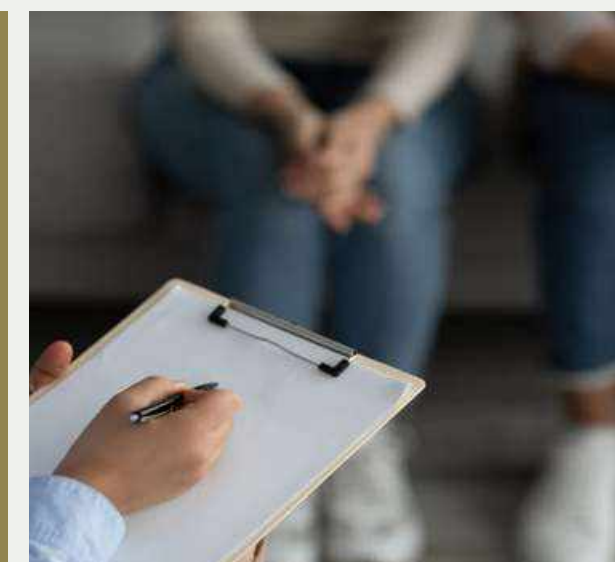


600+
Families Served
Every Month

The ISNA Food Bank, established in 2008, has been running for 14 years with support from 65 volunteers dedicated to serving individuals in the Greater Toronto Area experiencing food insecurity. The ISNA Foodbank saw a dramatic increase in visits during the COVID-19 pandemic prompting the foodbank to continue to serve the community despite all restrictions.

Counselling Service

54
Spiritual Counselling
Sessions Provided
Every Month



During the COVID-19 pandemic, ISNA Canada's focus on providing mental health services increased. We provided spiritual counselling services both in-person and online.

OUR VOLUNTEERS



Our volunteers devote their time and effort into supporting the delivery of programs, services and events at ISNA Canada. Despite the

pandemic, ISNA Canada saw a growth in our volunteer database, demonstrating the continued dedication and commitment of our volunteers.

2000

Volunteers Engaged

14,039

Volunteers Hours Completed



Walk the Talk



- Packaging Meals and Distribution with Mississauga Food Bank
- Snow Shoveling with Muslim Neighborhood Nexus
- Shelter run
- Tree Planting at Totoredaca Park

Jami Mosque

FOUNDED IN 1969

Jami Mosque is the oldest existing Mosque and Islamic Centre in the City of Toronto. Dubbed “Ummul Masajid” or “The Mother of All Mosques in Toronto”, it is where pioneering imams, scholars, and leaders of the GTA have taught, led, and connected for decades. Jami Mosque was initially built as a church in 1910, and was purchased in 1969 by Toronto’s Muslim community and converted into a Muslim place of worship.



إِنَّا لِلّٰهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ

Brother Amjed Syed spent the last 40 years of his life serving his community as the caretaker for Jami Mosque in Toronto. Over the 4 decades he spent at Jami Mosque, he was instrumental in keeping the Mosque running on a daily basis, 24 hours a day, come rain or shine. Br. Amjad sadly passed away in 2021 after being diagnosed with COVID-19, leaving a void in the hearts of the Toronto Muslim community. He was described as exemplary in his temperament and service, diligent and conscientious and deeply responsible with the service he provided. The ISNA Canada and Jami Mosque community continue to

remember and mourn one of the longest-serving members of our community.

May Allah grant him the highest of places in Jannah and the company of the Prophet ﷺ.

"He loved everybody in the community. For 40 years, every single day, he used to serve the masjid (mosque) and the community — it's not an easy task."

- Shaykh Hamdy Abdelghaffar

Yellowknife

The Community of 600 Muslims



The City of Yellowknife, the capital city of The Northwest Territories, is currently the home of over 600 Muslims. The Yellowknife Muslim Community has struggled with the reality of not having a proper place to pray, worship, socialize with the community and connect with their Islamic identity. Previously praying out of a deteriorating and sinking structure, and currently praying out of an undersized temporary Musallah, there are large pockets of the community that are underrepresented and underserved.

The old Islamic Center of Yellowknife was demolished with plans to rebuild the Mosque; however, the pandemic halted these plans for over two years and

the Yellowknife community remains without a functioning Mosque.

ISNA Canada is committed to supporting our Yellowknife Community in rebuilding their Mosque and Community Center. This Center will provide the Yellowknife community with:

- A main prayer hall
- A multi-purpose area to facilitate community gatherings, celebrations, Iftar etc.
- A youth hub
- A dedicated funeral space for ghusl
- Classrooms, a computer room and a library

Halal Certification Services

65
clients

26
Food Industry

11
Pharmaceuticals

11
Meat Processor

9
Nutraceuticals

3
Health & Beauty

2
Dairy Products

2
Abattoirs

1
Farm

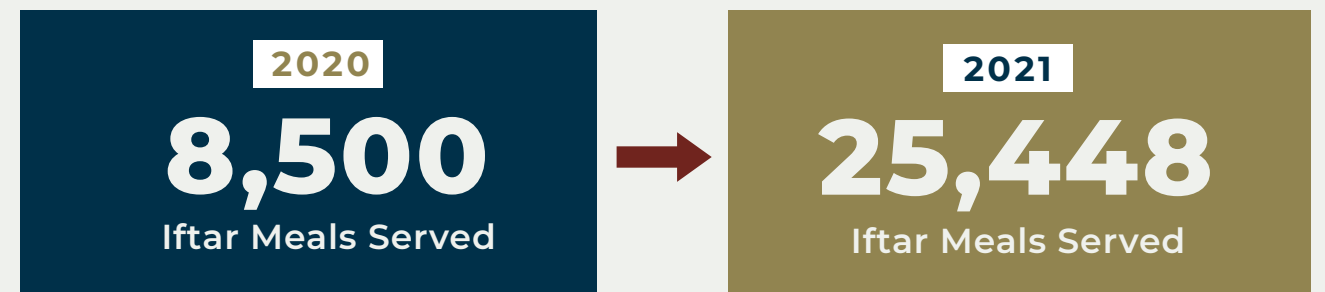
Ramadan at ISNA

COVID-19 had a significant impact on the observation of the holy month of Ramadan. With lockdown measures in place, mosques were operating at capacity and there were

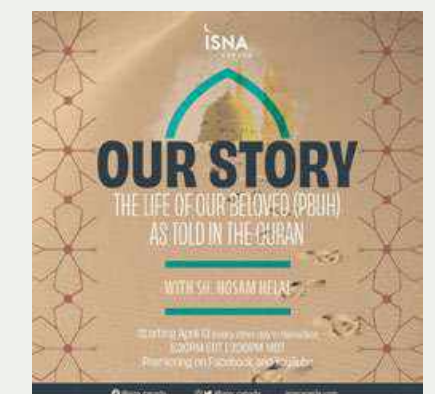
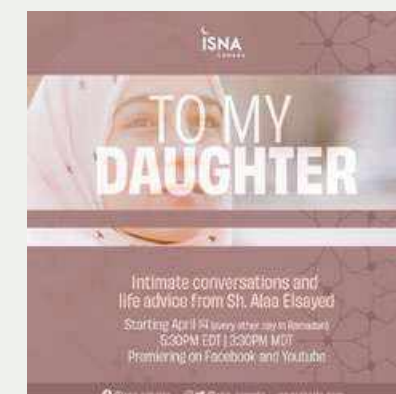
restrictions on visiting family and friends, making the month an unusual occasion. ISNA Canada was determined to continue to offer its services whether in-person or through a hybrid model.



314
Unique
Volunteers
Engaged



Online Spiritual Programs



1,400
Fitra Boxes
Distributed



Eid ul Fitr

Eid al Adha

1,521

Individuals in
13 Eid Congregations



10,000+

Community Members
in Attendance

40

Attractions



10,000+

Community Members
in Drive-thru

Post-Pandemic

Return to Normal



The Launch of Our Youth Hub

ISNA Canada launched the youth hub - a space for reflection, engaging conversations, meaningful youth programming and a place to feel home.



Summer Camps



2 Camps



234
Campers

Canada Summer Jobs

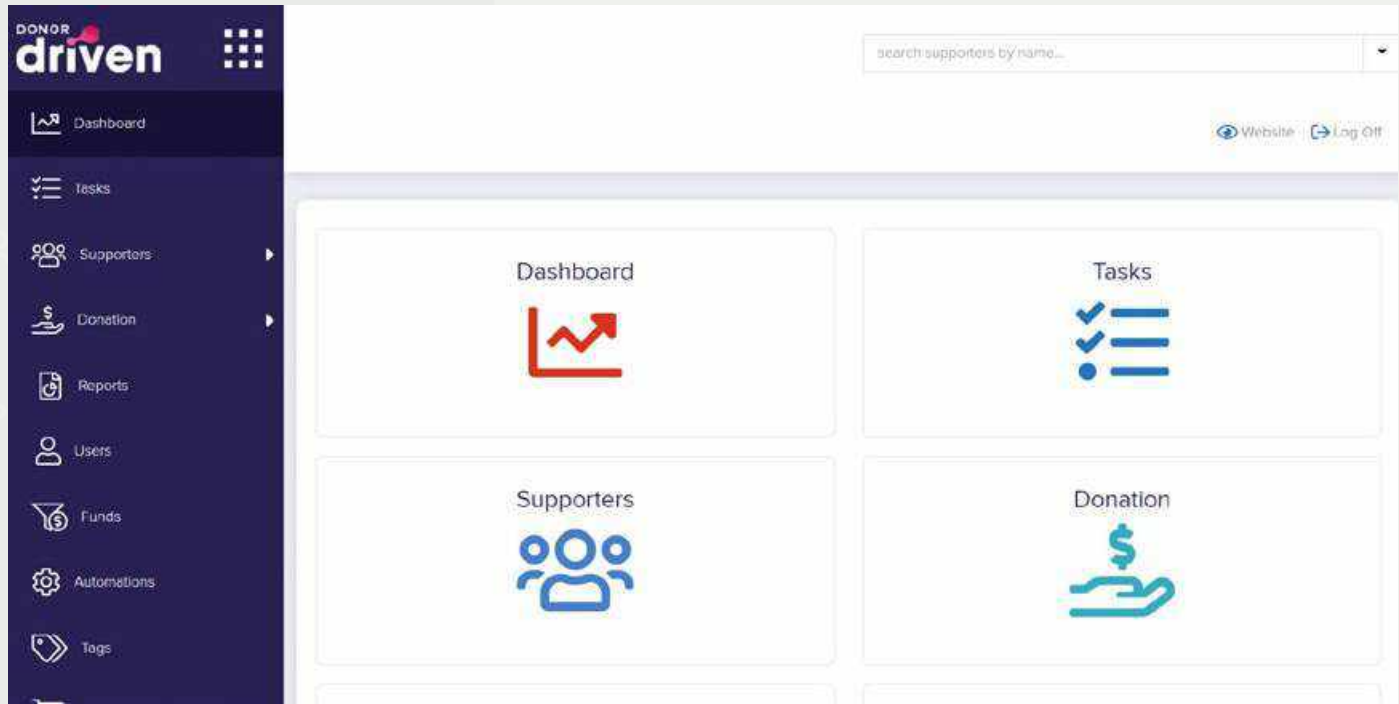


32
Employed
Interns



Innovations and Upgrades

Customer Relationship Management System

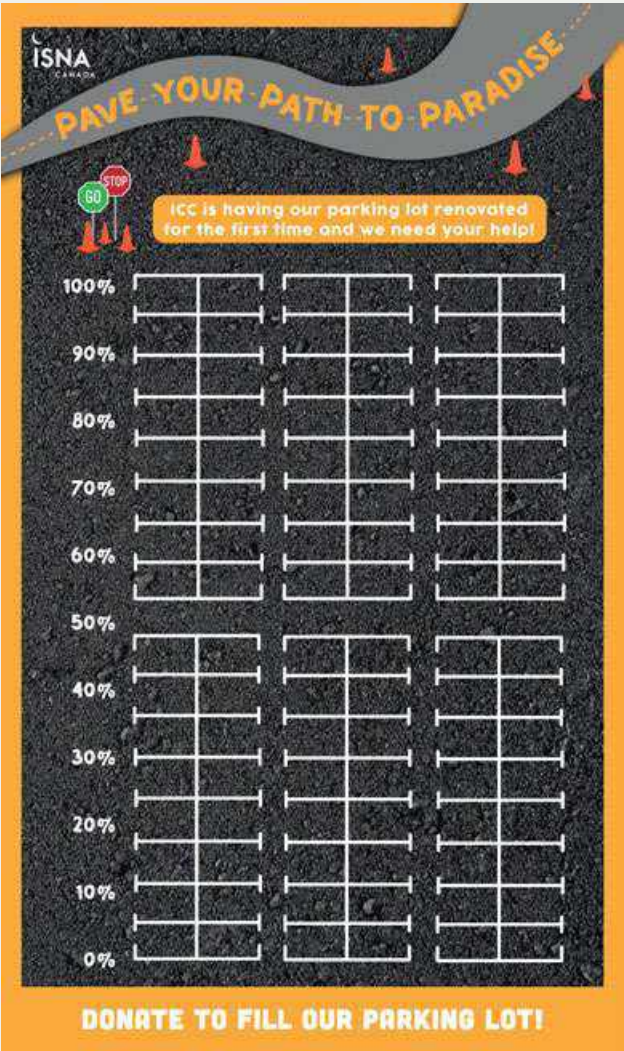


2021 was the year that ISNA Canada invested in a Customer Relationship Management (CRM) System in order to be better equipped to serve its donors. This Customer

Relationship Management allowed ISNA Canada to be more dynamic by digitizing all of our volunteer, donor and membership engines.

Parking Lot Project

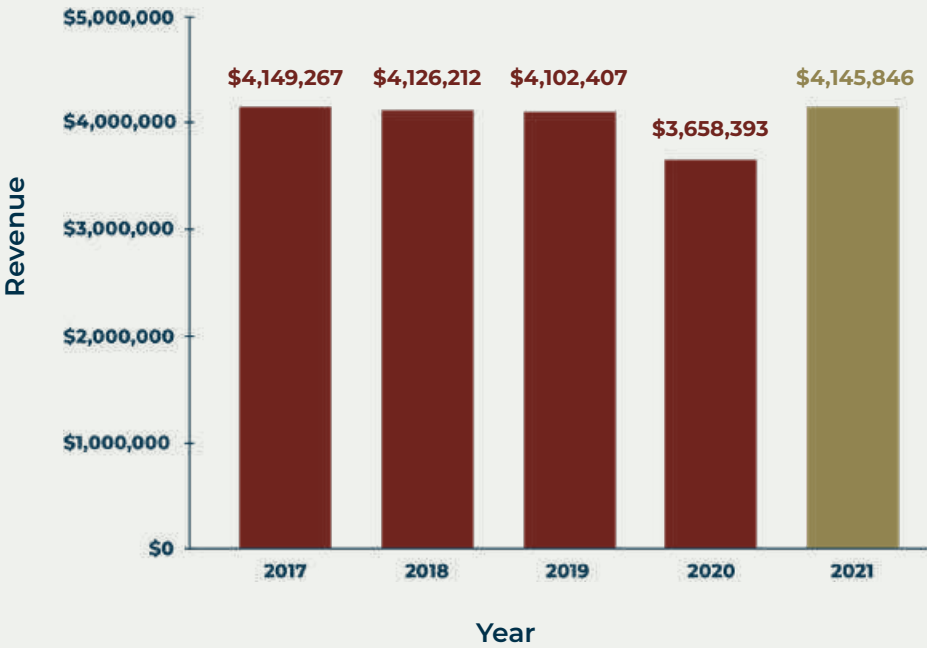
ISNA Canada's post-pandemic priorities included investing in a new parking lot due to the previous parking lot requiring urgent repairs. The community came together to raise funds for this vital project and the new parking lot is now a multi-faceted space that can be transformed from a lot to an outdoor event space hosting thousands of community members.



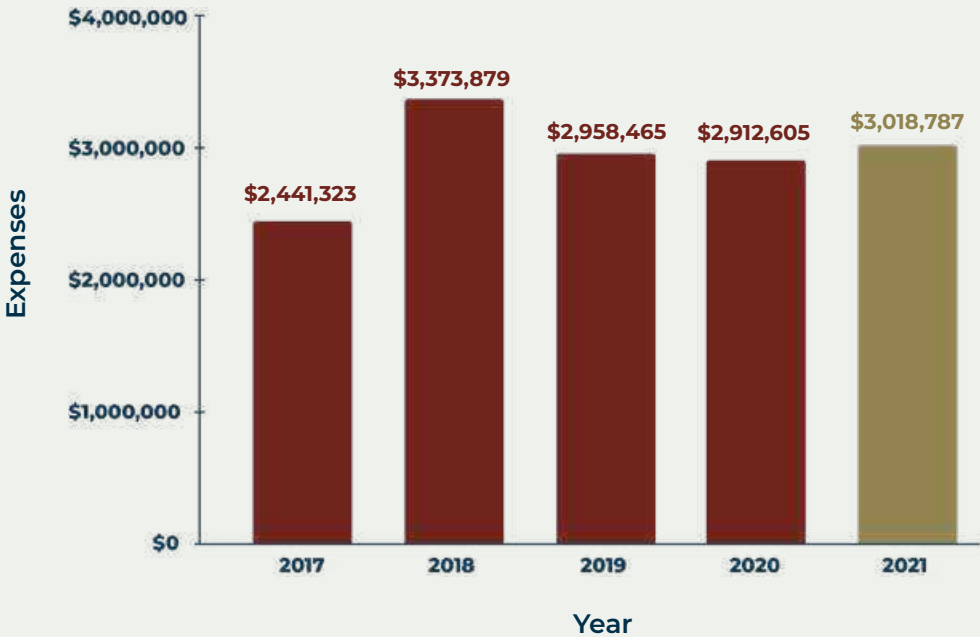
2021 Finances

ISNA Canada’s financial health continues to improve year on year despite COVID-19 restrictions, ensuring we are on target towards our economic priorities. Information presented is based on the audited Annual Report for 2021.

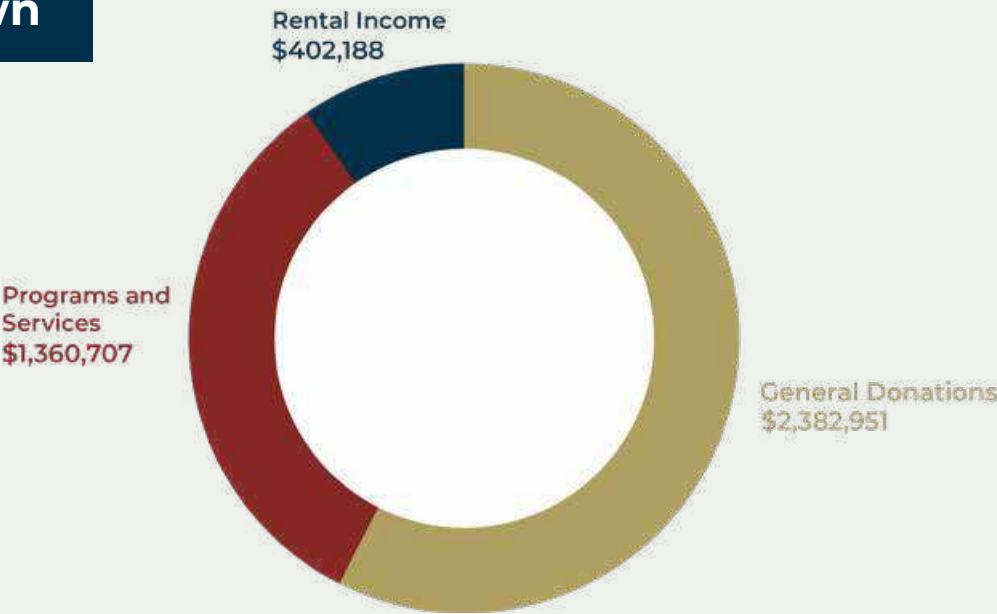
Revenue



Expenses



Revenue Breakdown





isnacanada.com

info@isnacanada.com

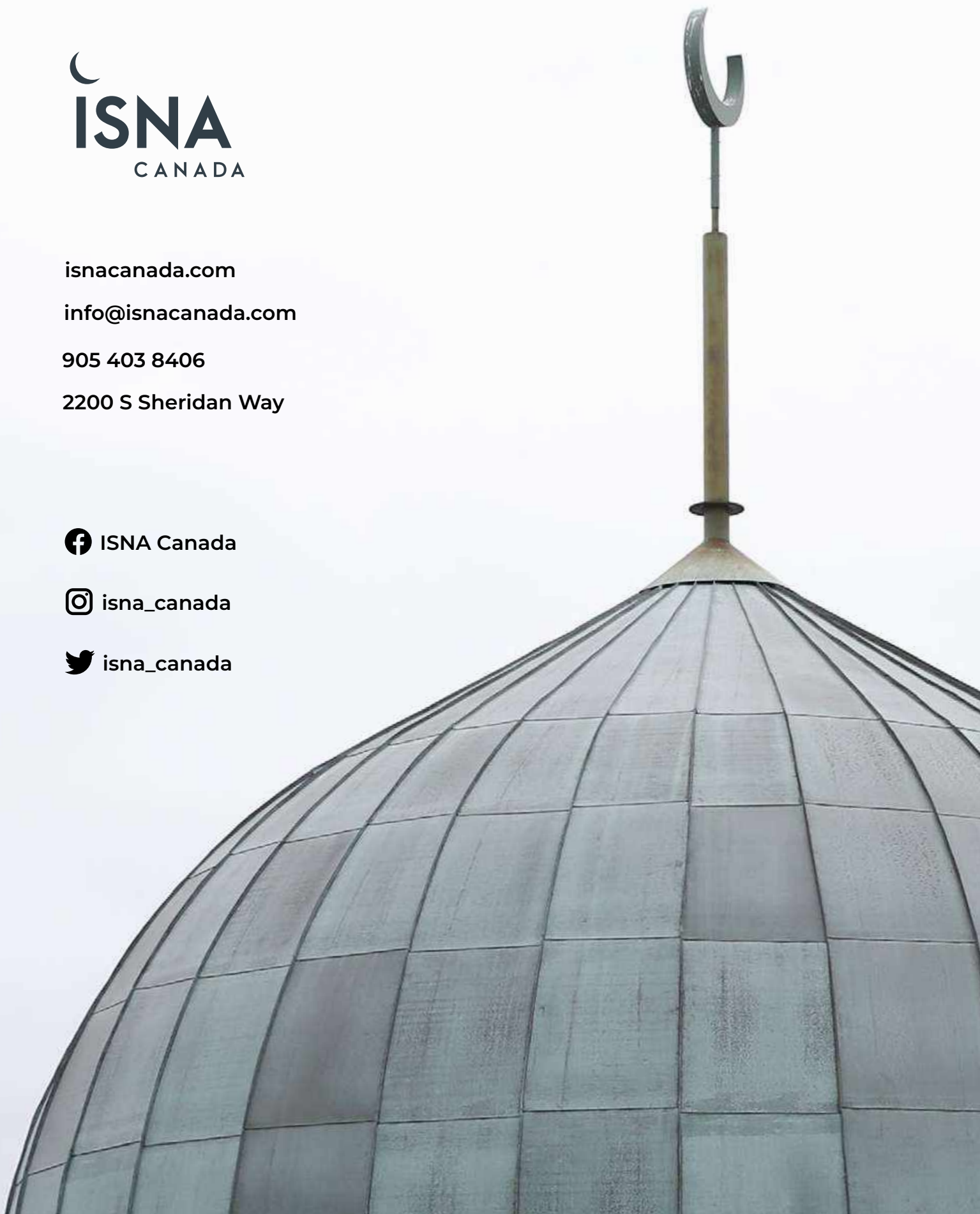
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 ISNA Canada

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APPENDIX B

ISLAMIC SOCIETY OF NORTH AMERICA CANADA (ISNA - CANADA)

Financial Statements

Year Ended December 31, 2021

ISLAMIC SOCIETY OF NORTH AMERICA CANADA (ISNA - CANADA)

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Year Ended December 31, 2021

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Statement of Changes in Net Assets	5
Statement of Cash Flows	6
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Syed K. Pervez
B.Comm., CPA, CA, LPA

S. Bano Noor
B.Comm., CPA, CA, LPA
CPA (Colorado), CMA (us), CFP

INDEPENDENT AUDITOR'S REPORT

To the Members of Islamic Society of North America Canada (ISNA - Canada)

Qualified Opinion

We have audited the financial statements of Islamic Society of North America Canada (ISNA - Canada) (the Organization), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from cash donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Furthermore, the Organization does not amortize its capital assets, which is a departure from the Canadian Accounting Standards for Not-For-Profit Organizations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

(continues)

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rosenthal Pervez & Noor LLP

ROSENTHAL PERVEZ & NOOR LLP
Chartered Professional Accountants
Licensed Public Accountants

Oakville, Ontario
July 5, 2022

ISLAMIC SOCIETY OF NORTH AMERICA CANADA (ISNA - CANADA)

Statement of Financial Position

December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash in bank	\$ 1,784,729	\$ 1,524,052
Accounts receivable (Note 5)	285,529	-
Grave inventory	1,684,278	1,947,735
Harmonized sales tax receivable	84,431	137,591
Security Deposit	35,500	35,500
	<u>3,874,467</u>	<u>3,644,878</u>
PROPERTY, PLANT AND EQUIPMENT (Net) (Note 7)	<u>16,355,453</u>	<u>16,108,244</u>
	<u>\$ 20,229,920</u>	<u>\$ 19,753,122</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 265,936	\$ 30,341
Property loan payable - current portion (Note 9)	1,000,000	1,000,000
	<u>1,265,936</u>	<u>1,030,341</u>
PROPERTY LOAN PAYABLE (Note 9)	<u>4,000,000</u>	<u>5,000,000</u>
	<u>5,265,936</u>	<u>6,030,341</u>
NET ASSETS		
General Fund (Note 13)	2,608,530	2,614,536
Capital Fund (Note 13)	11,355,454	10,108,245
Emergency Operating Fund (Note 13)	1,000,000	1,000,000
	<u>14,963,984</u>	<u>13,722,781</u>
	<u>\$ 20,229,920</u>	<u>\$ 19,753,122</u>

APPROVED BY DIRECTOR

Mostafa Soliman



Director

Director

See notes to financial statements

ISLAMIC SOCIETY OF NORTH AMERICA CANADA (ISNA - CANADA)**Statement of Revenues and Expenditures****Year Ended December 31, 2021**

	2021	2020
REVENUES		
General donations	\$ 2,382,951	\$ 2,492,824
Programs and services	1,360,707	797,189
Rental income	402,188	368,380
	<u>4,145,846</u>	<u>3,658,393</u>
EXPENSES		
Salaries and wages	1,503,740	1,208,346
Program and services	839,592	1,042,734
Repairs and maintenance	181,955	222,690
Office and general	128,941	170,342
Utilities	86,976	72,524
Insurance and property taxes	80,083	47,252
Stakeholder Communications	66,257	41,533
Interest and bank charges	64,165	71,900
Professional fees	52,962	21,542
Property taxes	14,116	13,742
	<u>3,018,787</u>	<u>2,912,605</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	1,127,059	745,788
COVID-19 related government subsidies	114,145	487,100
EXCESS OF REVENUES OVER EXPENSES	\$ 1,241,204	\$ 1,232,888

See notes to financial statements

ISLAMIC SOCIETY OF NORTH AMERICA CANADA (ISNA - CANADA)

Statement of Changes in Net Assets

Year Ended December 31, 2021

	General Fund	Capital Fund	Emergency Operating Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 2,614,536	\$ 10,108,245	\$ 1,000,000	\$ 13,722,781	\$ 12,570,563
Excess of revenues over expenses	1,241,203	-	-	1,241,203	1,232,888
Interfund transfers to Capital fund <i>(Note 10)</i>	(1,247,209)	1,247,209	-	-	-
Prior period adjustments <i>(Note 12)</i>	-	-	-	-	(80,670)
NET ASSETS - END OF YEAR	\$ 2,608,530	\$ 11,355,454	\$ 1,000,000	\$ 14,963,984	\$ 13,722,781

See notes to financial statements

ISLAMIC SOCIETY OF NORTH AMERICA CANADA (ISNA - CANADA)**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 1,241,204	\$ 1,232,888
Changes in non-cash working capital:		
Accounts receivable	(285,529)	-
Grave inventory	263,457	(230,137)
Accounts payable and accrued liabilities	235,594	1,638
Harmonized sales tax receivable	53,160	1,426
	266,682	(227,073)
Cash flow from operating activities	1,507,886	1,005,815
INVESTING ACTIVITIES		
Additions of property and equipment	(247,209)	(257,485)
Payment of previously purchased grave inventory	-	(80,670)
Adjustment to cost of building	-	(4,043,000)
Cash flow used by investing activities	(247,209)	(4,381,155)
FINANCING ACTIVITY		
Repayment of loan	(1,000,000)	3,043,000
Cash flow from (used by) financing activity	(1,000,000)	3,043,000
INCREASE (DECREASE) IN CASH FLOW	260,677	(332,340)
Cash - beginning of year	1,524,052	1,856,392
CASH - END OF YEAR	\$ 1,784,729	\$ 1,524,052

See notes to financial statements

ISLAMIC SOCIETY OF NORTH AMERICA CANADA (ISNA - CANADA)

Notes to Financial Statements

Year Ended December 31, 2021

1. PURPOSE OF THE ORGANIZATION

Islamic Society of North America Canada (ISNA - Canada) (the "Organization") is a not-for-profit organization incorporated on September 26, 1983 under the Corporations Act of Ontario. The Organization is a registered charity and is exempt from the payment of income taxes under the Income Tax Act.

The Organization's principal purpose is to build Islamic Centres, Mosque and Islamic Schools, facilitate daily prayers, hold Annual Conventions/Conferences, Seminars and Workshops propagating Islam for better understanding between Muslims & Non-Muslims in Canada, provide Muslim burial services, and provide community social assistance to relieve poverty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFO). The preparation of financial statements in accordance with ASNFO requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. These financial statements are prepared on a going concern basis which contemplates the realization of assets and the settlement of liabilities in the normal course of operations.

Grave inventory

Grave inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment is stated at net book value. It is the policy of the Management not to depreciate the Organization's capital assets. Since depreciation is a non-cash expense and has no impact on the cash flow and income tax being a charity, the Organization decided not to include depreciation expense in the income statement.

Impairment of Long Lived Assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

(continues)

ISLAMIC SOCIETY OF NORTH AMERICA CANADA (ISNA - CANADA)

Notes to Financial Statements

Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. The significant areas requiring management's judgment related to the estimated useful lives of the property and equipment, estimates of fair value for donation-in-kind, estimated net realizable value of other assets and the recording of accrued liabilities. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Revenue recognition

Islamic Society of North America Canada (ISNA - Canada) follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as direct increases in net assets.

Revenue from all other sources is recognized when significant risks and rewards of ownership have been transferred and there are no significant obligations remaining, the sales price is fixed and determinable, persuasive evidence of an arrangement exists and collectability is reasonably assured.

There is no revenue recognized in relation to voluntary services due to the difficulty in valuation.

3. DESCRIPTION OF FUNDS

The organization uses the restrictive fund method and the types of funds used are as follows:

General Fund

Funds donated are used for the organization's general activities and services.

Capital Fund

The capital fund consists of any property and equipment that is owned by the organization. The capital fund also includes a sole liability for the loan obligation with ICHC.

Emergency Operating Fund

The emergency operating fund consists of funds set aside to fund operations if the revenues are adversely impacted in the near future.

4. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2021.

(continues)

ISLAMIC SOCIETY OF NORTH AMERICA CANADA (ISNA - CANADA)

Notes to Financial Statements

Year Ended December 31, 2021

4. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from tenants for its commercial activities. In order to reduce its credit risk, the Organization reviews a new tenant's credit history before signing a tenancy agreement and conducts regular reviews of its existing customers' credit performance.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its donors, customers and other related sources, long-term debt, contributions to the pension plan, and accounts payable.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

5. ACCOUNTS RECEIVABLE

	<u>2021</u>
Government grants receivable	189,829
Donations receivable	<u>95,700</u>
	<u>\$ 285,529</u>

Government grants receivable includes wage subsidies that have been filed with the Canadian government but funding has not yet been received.

6. CANADA EMERGENCY WAGE SUBSIDY (CEWS)

The government launched the Canada Emergency Wage Subsidy (CEWS) to assist Canadian employers whose businesses have been affected by COVID-19. The subsidy aims to help businesses continue to employ workers throughout the pandemic. The organization has accrued \$114,145 (\$196,287 in 2020) for the amounts relating to 2021; these amounts have been received in 2022.

7. PROPERTY, PLANT AND EQUIPMENT

	<u>2021</u>	<u>2020</u>
Buildings	\$ 14,281,389	\$ 14,281,389
Land	1,752,544	1,752,544
Leasehold improvements	206,759	-
Furniture and fixtures	90,392	49,942
Motor vehicles	<u>24,369</u>	<u>24,369</u>
	<u>\$ 16,355,453</u>	<u>\$ 16,108,244</u>

Please note that all assets are presented at their net book value.

ISLAMIC SOCIETY OF NORTH AMERICA CANADA (ISNA - CANADA)**Notes to Financial Statements****Year Ended December 31, 2021**

8. ACCOUNTS PAYABLE

	<u>2021</u>	<u>2020</u>
Payroll liabilities	\$ 137,335	\$ -
Programs expenses payable	118,601	20,341
CEBA loan payable	<u>10,000</u>	<u>10,000</u>
	<u>\$ 265,936</u>	<u>\$ 30,341</u>

Payroll liabilities consist of severance payable to former employees.

9. LONG TERM DEBT

Islamic Co-operative Housing Corporation Ltd. (ICHC) and ISNA - Canada jointly acquired and constructed the land and building situated at 2200 South Sheridan Way, Mississauga, L5J 2M4. On May 23, 2020, the Board members of ISNA and ICHC signed a new settlement agreement to resolve the disputes related to this property. The new contract was an update of the original settlement signed on February 6, 2016, to finalize the unresolved portions of the agreement in full and final.

ISNA Board commissioned a full investigation of the history of the relationship between ISNA and ICHC, and was presented with a final report on May 22, 2021. The report concluded the relationship of the construction of the premises to be effectively a joint venture between both organizations. As such, ISNA is obligated to compensate ICHC for both the principal amount of construction and cost of the capital invested by ICHC.

ISNA has then agreed to enter into a new settlement schedule for the total indebtedness to be \$7,000,000 paid over seven years at a rate of \$1,000,000 per annum, due on the 31st of December of each year.

The original agreement from May 2015 is no longer in effect and has been superseded by the agreement reached on May 22, 2020.

10. INTERFUND TRANSFER TO CAPITAL FUND

These funds were transferred from the general fund to the capital fund for additions and/or improvements to properties and the repayment of the ICHC loan.

	<u>2021</u>	<u>2020</u>
Repayment of ICHC Loan	\$ 1,000,000	\$ 1,000,000
Purchases and improvements to Capital Assets	<u>247,209</u>	<u>257,485</u>
Interfund Transfer required	<u>\$ 1,247,209</u>	<u>\$ 1,257,485</u>

11. INTERFUND TRANSFER TO EMERGENCY OPERATING FUND

Due to the unknown impacts of COVID-19 on the organization's operations, the board has designated \$1,000,000 from the general fund to the Emergency Operating Fund. The purpose of this transfer is to fund operations if the revenues are adversely impacted in the near future.

ISLAMIC SOCIETY OF NORTH AMERICA CANADA (ISNA - CANADA)

Notes to Financial Statements

Year Ended December 31, 2021

12. PRIOR PERIOD ADJUSTMENTS

A prior period adjustment was required in 2020 to adjust the cost of graves previously sold, as a result of the settlement reached with ICHC.

13. RECONCILIATION OF NET ASSETS

	<u>2021</u>	<u>2020</u>
<u>Calculation of Capital Fund Balance</u>		
Property, plant and equipment	\$ 16,355,454	\$ 16,108,245
Less: loan on building	<u>(5,000,000)</u>	<u>(6,000,000)</u>
Ending capital asset fund balance	11,355,454	10,108,245
Ending emergency operating fund balance	1,000,000	1,000,000
Ending general fund balance	<u>2,608,530</u>	<u>2,614,536</u>
Ending total net assets	<u>\$ 14,963,984</u>	<u>\$ 13,722,781</u>

Please note that on an annual basis, the interfund transfers from the general fund to the capital fund represent the sum of the purchases, additions to capital assets, and the repayment of the ICHC loan, less any capital fund surplus from the current year. Please refer to Note 7 for a reconciliation of the interfund transfer.

14. COVID-19

The global outbreak of COVID-19 has resulted in emergency measures mandated by the World Health Organization, public health authorities and federal and provincial governments. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the disruption. The company does not expect COVID-19 to have a significant negative impact on operating results, but the specific impact cannot be reasonably estimated at this time.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
