

The Council of Islamic Guidance Inc.

Financial Statements

December 31, 2010



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Financial Statements

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AUDITORS' REPORT

Syed K. Pervez, B.Comm., CA

To the members of The Council of Islamic Guidance Inc,

S. Bano Noor, CA, CFP
CPA (Colorado), CMA (US)

Report on the Financial Statement

We have audited the accompanying financial statements of the Council, which comprises the statement of financial position as at December 31, 2010, and the Statement of operations and fund balances and cash flow statement 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 private entities, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform 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 judgement, including the assessment of the risk 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 purposes 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 the management, as well as evaluating the overall presentation of the financial statements.

In common with many Charitable organizations, the Council derives a portion of its revenues from cash donations, the completion of which are not susceptible to complete audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the Council's records and we were not able to determine whether any adjustment might be necessary.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion, except for the effects of adjustment, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations, as referred in the preceding paragraph, the financial statements present fairly, in all material aspects, the financial position of the Council as at December 31, 2010 and result of its operations and fund balances and cash flows then ended in accordance with Canadian Generally accepted accounting principles.

Rosenthal Pervez & Noor LLP

ROSENTHAL PERVEZ & NOOR LLP
Chartered Accountants
Licensed Public Accountants

Mississauga, Ontario
March 23, 2011

The Council of Islamic Guidance Inc.
Statement of Financial Position
As at December 31, 2010

	Totals									
	General Fund	Khums Fund	Relief Fund	Zakat Fund	Book and Publications	Toronto Land Fund	Q'Hasna Fund	Muslim Burial Plan	Pickering Land and Building Fund	
Assets										
Current										
Cash	360,862	4,804	14,188	21,898	6,782	60,515	2,718	89,895	-	561,662
Prepaid and advances	1,507	-	-	-	-	-	-	-	-	1,507
HST/GST receivable	2,737	-	-	-	-	-	-	-	-	2,737
Loan receivable	2,139	-	-	-	-	-	-	-	-	2,139
	367,245	4,804	14,188	21,898	6,782	60,515	2,718	89,895	-	568,045
Property & Equipment										
Computer	-	-	-	-	-	-	-	-	-	2,043
Furniture and Fixture	2,043	-	-	-	-	-	-	-	-	1,317,840
Land Toronto	-	-	-	-	-	1,317,840	-	-	-	300,000
Land Pickering	-	-	-	-	-	-	-	-	-	321,845
Building	-	-	-	-	-	-	-	-	-	321,845
	2,043	-	-	-	-	1,317,840	-	-	-	1,941,728
Total Assets	369,288	4,804	14,188	21,898	6,782	1,378,355	2,718	89,895	621,845	2,509,773
Liabilities & Equity										
Current										
Accounts payable and accruals	16,451	-	-	-	-	-	-	-	-	16,451
Loan from members (note 4)	-	-	-	-	-	452,098	-	-	-	452,098
	16,451	-	-	-	-	452,098	-	-	-	468,549
Fund Balances										
Internally restricted	352,837	4,804	14,188	21,898	6,782	926,257	2,718	89,895	621,845	1,688,387
Unrestricted	352,837	4,804	14,188	21,898	6,782	926,257	2,718	89,895	621,845	1,688,387
	352,837	4,804	14,188	21,898	6,782	926,257	2,718	89,895	621,845	2,041,224
	352,837	4,804	14,188	21,898	6,782	926,257	2,718	89,895	621,845	2,041,224
	369,288	4,804	14,188	21,898	6,782	1,378,355	2,718	89,895	621,845	2,509,773
	369,288	4,804	14,188	21,898	6,782	1,378,355	2,718	89,895	621,845	2,509,773

The accompanying summary of significant accounting policies and notes are an integral part of these statements

President _____

Treasurer _____



The Council of Islamic Guidance Inc.
Statement of Operations and Fund Balances
For the year ended December 31, 2010

	Totals											
	General Fund	Khums Fund	Relief Fund	Zakat Fund	Books & Publications	Toronto Land Fund	Q Hasna Fund	Muslim Burial Plan	Pickering Land and Building Fund			
										2010	2009	
Revenue												
Membership	34,014	-	-	-	-	-	-	34,452	-	68,466	80,774	
Donations and contributions	307,803	42,183	22,457	15,680	6,782	73,001	-	-	-	467,906	496,234	
Q/Hasna repayments	-	-	-	-	-	-	1,154	-	-	1,154	2,000	
	341,817	42,183	22,457	15,680	6,782	73,001	1,154	34,452	-	537,526	579,008	
Expenses												
Religious programs	86,056	-	-	12,000	-	-	4,000	14,624	-	86,056	119,025	
Specific fund disbursements	-	72,770	8,269	-	-	-	-	-	-	111,663	51,735	
Wages and salaries	36,456	-	-	-	-	-	-	-	-	36,456	38,201	
Repairs and maintenance	23,069	-	-	-	-	-	-	-	-	23,069	27,327	
Utilities	13,556	-	-	-	-	-	-	-	-	13,556	15,369	
Social programs	21,759	-	-	-	-	-	-	-	-	21,759	29,174	
Property taxes	-	-	-	-	-	7,402	-	-	-	7,402	7,374	
Professional fee	5,875	-	-	-	-	-	-	-	-	5,875	12,406	
Office expenses	5,167	-	-	-	-	-	-	-	-	5,167	2,328	
Telephone	7,918	-	-	-	-	-	-	-	-	7,918	6,448	
Insurance	1,507	-	-	-	-	-	-	-	-	1,507	2,966	
Al Mehdi Madressah expenses	8,649	-	-	-	-	-	-	-	-	8,649	4,743	
Donation	1,500	-	-	-	-	-	-	-	-	1,500	2,627	
Interest on long term debt	45,290	-	-	-	-	-	-	-	-	45,290	45,483	
Bank charges and interest	2,210	-	-	-	-	-	-	-	-	2,210	2,080	
Amortization	-	-	-	-	-	-	-	-	-	46,989	45,897	
	259,012	72,770	8,269	12,000	-	7,402	4,000	14,624	-	46,989	425,066	413,183
Excess of revenue over expenses	82,805	(30,587)	14,188	3,680	6,782	65,599	(2,846)	19,828	(46,989)	112,460	165,825	
Fund balance, beginning of year	271,325	35,391	-	18,218	-	860,658	5,564	70,067	667,541	1,928,764	1,762,939	
Interfund transfers (note 2(i))	(1,293)	-	-	-	-	-	-	-	1,293	-	-	
Fund balance, end of year	352,837	4,804	14,188	21,898	6,782	926,257	2,718	89,895	621,845	2,041,224	1,928,764	3

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

The Council of Islamic Guidance Inc.
Statement of cashflows

For the year ended December 31,

2010 2009

CASH FLOWS FROM OPERATING ACTIVITIES

\$ \$

Excess of revenue over expenses	112,460	165,825
Amortization	46,989	45,897
	159,449	211,722

Net changes in non-cash working capital balances

Prepaid and deposits	4,008	(5,215)
Hst/Gst receivables	725	1,767
Accounts payables and accruals	(16,697)	26,541
	(11,964)	23,093

Cash flows from operating activities

147,485 234,815

CASH FLOWS FROM INVESTING ACTIVITIES

Capital assets purchased during the year	<u>(21,724)</u>	<u>(72,008)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Loan from members	(694)	(800)
Loan receivable	11,735	(5,079)
	11,041	(5,879)

Cash flows from financing activities

11,041 (5,879)

Increase in cash during the year	136,802	156,928
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Cash, beginning of the year	424,860	267,932
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Cash, end of year

561,662 424,860

The accompanying summary of significant accounting policies and notes are an integral part of these statements



The Council of Islamic Guidance Inc.

Notes to Financial statements

December 31, 2010

1. Nature of operations

The Council was incorporated in 1985 under the Ontario Corporations Act without share capital as a not-for-profit organization. The Council is a registered charity under the Income Tax Act, and accordingly, it is exempt from income taxes under section 149(1) of the Income Tax Act. The council's primary purpose is to provide forum for social, cultural and religious educational activities and to render religious guidance, congregational and related services to the Muslim community

In addition to the existing Al-Mahdi Centre in Pickering, Ontario, the Council has bought a piece of land in Markham, Ontario to build the same kind of setup there to promote and facilitate Council activities.

2. Summary of significant Accounting policies

The Council follows Canadian generally accepted accounting principles appropriate for not-for profit organizations and their basis of application is consistent with that of the previous year, taking the following notes in consideration.

(a) Fund accounting

The Council follows the Restricted Fund method of accounting for contributions. The General Fund accounts for the Council's program delivery and administrative activities. This Fund reports unrestricted resources and contributions.

Each of the restricted Fund reports donations and contributions raised and received for the specific purpose as implied by the name of the Fund, described in note 9. The disbursements from the fund also pertain to the specific activity of the Fund.

(b) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund. Some members have advanced funds to purchase the Toronto Land as further outlined in note 6 below. The carrying cost of the loans from members is recognized in books and "donations in kind" receipts are issued.

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

(c) Membership fees

Membership fees are recorded when received. Unpaid membership fees are not legally enforceable and do not deny any privileges to the individuals. Accordingly, unpaid membership fees have not been recorded in the financial statements.

The Council of Islamic Guidance Inc.

Notes to Financial statements

December 31, 2010

(d) Impairment of long-lived assets

The company monitors the recover-ability of long lived assets, including equipments and leasehold improvements whenever events or change in circumstances indicate that the carrying amount of an asset is not recoverable. The net realizable value is determined to be estimated fair value less cost to sell. The fair value is generally measured equal the estimated future un-discounted net cash flows from the assets or asset.

(e) Interfund transfers

Interfund transfers represent advances to and from the General Fund as only one bank account is maintained by the Council. These interfund transfers allocate cash belonging to each fund.

(f) Donated services

The work of the Council is dependent on the voluntary services of members of the Council. Since these services are not normally purchased by the Council and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

(g) Financial Instruments

The Council's financial instruments consist of cash, advances and deposits, loan receivable, accounts payable and loan from/to members. The financial instruments are recognized as "held for trading" and measured at fair market value and gain and losses are taken to the income statement. The advances and receivables are recognized as "other receivables" and measured at cost or amortized value. Account payables and other payables are recognized as "other liabilities" and measured at cost or amortized value. The transaction cost is expensed during the year..

(h) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that reflect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those reported.

(i) Concentrations of credit and other risks

Financial instruments that potentially subject the entity to significant concentration of risk consist primarily cash and cash equivalents. To reduce credit risk, cash and cash equivalents are only held in major financial instruments. The company is not exposed to interest risk, foreign exchange risk or any significant liquidity risk taking in account both the qualitative and quantitative factors.

(j) Management of capital

The Council's objectives of capital management are: to maintain a flexible capital structure which optimizes cost of capital at an acceptable risk and manages capital in a manner which balances the interest of debt and capital holders, which is community and society as a whole.. There is no interest bearing debt at year end. There are no external restrictions placed on its capital retained in the General fund. Capital retained in restrictive funds will be utilized in maximum optimum way to maximize the benefit of purpose, to contribute in the society.

The Council of Islamic Guidance Inc.

Notes to Financial statements

December 31, 2010

3 Changes in accounting policies

Effective Jan 1, 2010 the organization has adopted the amendment to CICA Handbook Section 1000, Financial Statement Concepts. These amendments clarified the criteria for recognizing asset or liability, removing the ability to recognize asset or liability solely on matching revenue and expenditure. The adopting of this recommendation has no significant impact on the financial statements.

Effective Jan 1, 2010 the organization has adopted the amendment to CICA Handbook Section 4400, Financial Statement Presentation. These amendments clarified the criteria for revenue and expenditure to be presented on gross basis when the organization is acting as principal. The adopting of this recommendation has no significant impact on the financial statements.

Effective Jan 1, 2010 the organization has adopted the amendment to CICA Handbook Section 4470, Disclosure of allocation of expenses by NPO. These amendments require accounting policy on allocation of expenses among function the nature, of expenses being allocated. The adopting of this recommendation has no significant impact on the financial statements.

Future Accounting Changes

The Accounting Standard Board has concluded that not-for-profit organizations may apply either international financial reporting standards, being Part I of the CICA Handbook, or use the new standard issued in 2010 which has now become Part III of the existing CICA Handbook. The new standard for not for profit organizations has an effective date of January 1, 2012 as well as option for early adoption. The Council has decided to adopt the Part III of the handbook to prepare the financial statements for the year ended December 31, 2012.

The implementation of the Part III of the handbook will make a major difference for some NPOs. Due to nature of Council's operations and activities, the impact of Part III changes has assessed not to be significant, as following discussion with the management regarding Council's future operational projects and plans.

4. Property, plant and equipment

	Cost	Accumulated Amortization	NetBook Value 2010	Net Book Value 2009
Land-Toronto	\$ 1,317,840	\$ -	\$ 1,317,840	\$ 1,298,325
Land-Pickering	300,000	-	300,000	300,000
Building	913,915	592,070	321,845	367,541
Furniture & Equipment	97,903	95,860	2,043	-
Computer Equipment	9,313	9,313	-	1,127
Total	2,638,971	697,243	1,941,728	1,966,993

5. Loans from/to members

The loans from members represent funds advanced in prior years to purchase the Toronto land. These loans are due on demand and members have agreed not to call within next fiscal year. The loan bears no cash outlay responsibility of the Council for the interest payments. The carrying cost of the loans to the members are compensated by issuing "Donation in kind" receipts by the Council.

The Council of Islamic Guidance Inc.

Notes to Financial statements

December 31, 2010

6. Government contribution

During the year, the Council received a total of \$35,450 (2009 \$39,135) from the Department of Human Resources Development of Canada for funds towards three different projects pertaining to summer camp programs for youth.

7. Donations in kind

Donations in kind represent the carrying cost of long term loan from members for purchase of Toronto land in 2004. The amount recorded in 2010 was \$45,290 (2009 \$45,483) and is recorded as "Gift in kind".

8. Q'Hasna fund

Q'Hasna Fund consists of loans to/from members of the Council on set terms and conditions without any interest. These loans/advances are not recorded as claims due to the uncertainty of their ultimate collection/repayment. Accordingly, the financial treatment of this fund is similar to all of the other operating funds managed by the Council.

9. Funds management

The Council uses restrictive fund method and the kinds of funds used are as follow:

General fund	Funds donated are used for Council's Program delivery and administrative activities.
Khums & Zakat fund	These are religious terminologies that obligate individuals to contribute a portion of their wealth at prescribed rate. Funds donated are used for social welfare purposes and to help needy. Donee could be both individuals and corporations serving the society or the community.
Relief fund	These are special purpose temporary funds. Donations are used for the specific purpose for which the fund was setup. In 2010, the relief fund was established to help flood victims in Pakistan.
Books and publication fund	Funds donated are used for promotion of religious faith through paper media primarily.
Toronto land fund	As disclosed in note 5, funds received are used for the development purposes of a new location in Toronto which the construction will have started in 2011.
Q'Hasna fund	It is a religious terminology which means a good debt. Funds donated are used to help needy individuals and family with no binding contract of repayment. Sometimes donees pay-back when they have money.
Muslim burial plan fund	Membership program to insure the funeral expenses of the members.

10. Subsequent events

The piece of land which Council had bought in Toronto, Ontario to promote and facilitate Council activities, the Council has planned to start the construction in 2011. Legal cost of around \$90,000 has already been incurred and capitalized in the value of the land.