



22 2012-06-30 880495163 RR 0001 3004759

MUSLIM ASSOCIATION OF CANADA

**Audited Financial Statements
June 30, 2012**

MUSLIM ASSOCIATION OF CANADA

Financial Statements
June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Audit of Committee of the Muslim Association of Canada

I have audited the accompanying financial statements of Muslim Association of Canada, which comprise the statement of financial position as at June 30, 2012, the statement of operations, statement of changes in net assets and statement of 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 standards, 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 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 non-profit organizations, Muslim Association of Canada derives revenues from donations, the completeness of which is not susceptible of satisfactory audit. Accordingly, my audit of these revenues was limited to the amounts recorded in the records of the charity and I was not able to determine whether any adjustments might be necessary to donations revenues, excess of revenues over expenses and cash flow from operating activities for the year ended June 30, 2012, current assets at June 30, 2012 and net assets at July 1, 2011 and at June 30, 2012.

[REDACTED]

Qualified opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Muslim Association of Canada as at June 30, 2012, its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards.

[REDACTED]

Muslim Association of Canada
 Statement of Financial Position
 As at June 30, 2012



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	2012	2011
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,085,906	1,194,456
Accounts receivable (note 4)	390,430	365,755
Deposit (note 5)	1,688,786	13,000
Investments in marketable securities (note 6)	2,469,804	3,002,199
Prepaid and sundry	<u>14,410</u>	<u>21,332</u>
	5,649,336	4,596,742
Investments in private companies (note 7)	103,639	108,855
Capital assets (note 8)	30,992,562	28,912,281
Intangible assets (note 9)	100,000	100,000
Other assets (note 10)	<u>601,416</u>	<u>402,666</u>
	<u>37,446,953</u>	<u>34,120,544</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	454,765	1,027,695
Current portion payable of long-term debt (note 13)	571,775	506,974
Current portion payable of loan payable (note 14)	<u>101,810</u>	<u>122,168</u>
	1,128,350	1,656,837
Advances payable (note 12)	520,479	567,979
Long-term debt (note 13)	8,443,126	8,614,514
Loan payable (note 14)	203,620	286,139
Other liabilities	<u>14,317</u>	<u>14,317</u>
	<u>10,309,892</u>	<u>11,139,786</u>
Net assets		
Net assets invested in capital assets	21,695,059	19,382,486
Unrestricted net assets	<u>5,442,002</u>	<u>3,598,272</u>
	27,137,061	22,980,758
	<u>37,446,953</u>	<u>34,120,544</u>

On behalf of the Board,

President

Muslim Association of Canada
 Statement of Operations
 For the year ended June 30, 2012



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	2012 \$	2011 \$
Revenues		
Donations	7,060,299	5,037,736
School fees	3,541,235	2,938,327
Program activities	1,152,905	1,041,925
Rental	931,330	742,963
Daycare and daycamp fees	656,741	609,307
Sale of goods & services	619,125	796,033
Government contributions	183,304	92,722
Sundry	7,024	69,391
Investment income	38,709	44,329
	<hr/> 14,190,672	<hr/> 11,372,733
Expenses		
Expenses (Schedule A)	8,535,290	7,557,699
Financing charges	498,891	481,269
Amortization of capital assets	994,973	761,603
	<hr/> 10,029,154	<hr/> 8,800,571
Excess of revenue over expenses before the following	<hr/> 4,161,518	<hr/> 2,572,162
Share of loss in a company subject to significant influence	(5,215)	(2,099)
Excess of revenues over expenses	<hr/> 4,156,303	<hr/> 2,570,063

Muslim Association of Canada
Statement of Changes in Net Assets
For the year ended June 30, 2012

	Invested in capital assets \$	Unrestricted \$	2012 Total \$	2011 Total \$
Balance, beginning of year	19,382,486	3,598,272	22,980,758	20,410,696
Excess of revenues over expenses	(994,973)	5,151,276	4,156,303	2,570,062
Investment in capital assets	3,075,253	(3,075,253)	-	-
Long-term debt financing	(400,000)	400,000	-	-
Long-term debt repayment	506,587	(506,587)	-	-
Loan payable repayment	125,706	(125,706)	-	-
Balance, end of year	<u>21,695,059</u>	<u>5,442,002</u>	<u>27,137,061</u>	<u>22,980,758</u>

Muslim Association of Canada
Statement of Cash Flows
For the year ended June 30, 2012



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	2012	2011
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	4,156,303	2,570,062
Non-cash items		
Foreign exchange loss or gain	(65,153)	118,011
Share of loss in a company subject to significant influence	5,215	2,099
Amortization of capital assets	994,973	761,603
Changes in non cash working capital items (note 15)	<u>(754,433)</u>	<u>445,400</u>
Cash flows from operating activities	<u>4,336,905</u>	<u>3,897,175</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,075,253)	(4,850,232)
Purchase of marketable securities	<u>620,377</u>	<u>(1,074,047)</u>
Cash flows from investing activities	<u>(2,454,876)</u>	<u>(5,924,279)</u>
FINANCING ACTIVITIES		
Loans receivable	(35,000)	(15,000)
Advances payable repayment	(395,490)	(779,500)
Advances payable financing	347,990	447,720
Long-term debt financing	400,000	2,000,000
Long-term debt repayment	<u>(506,587)</u>	<u>(76,100)</u>
Loan payable repayment	<u>(125,706)</u>	<u>(721,206)</u>
Deposit	<u>(1,675,786)</u>	-
Cash flows from financing activities	<u>(1,990,579)</u>	<u>855,914</u>
Net increase in cash and cash equivalents	<u>(108,550)</u>	<u>(1,171,190)</u>
Cash and cash equivalents, beginning of year	1,194,456	2,365,646
Cash and cash equivalents, end of year	<u>1,085,906</u>	<u>3,162,893</u>
CASH AND CASH EQUIVALENTS		
Cash	1,085,906	1,194,456
Term deposits	-	-
	<u>1,085,906</u>	<u>1,194,456</u>

The accompanying notes (note 16) are an integral part of the financial statements.

Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012

1. PURPOSE AND LEGAL FORM OF THE ASSOCIATION

The Muslim Association of Canada (MAC) was incorporated on August 8th, 1997 as a not-for-profit organization without share capital under Part II of the Canada Corporations Act and is a charitable organization within the meaning of the Income Tax Act.

The Association thrives through its different chapters in most major Canadian cities to establish an Islamic presence that is balanced, constructive and integrated though distinct, within the social fabric and culture of Canada. MAC is a community project driven organization at the service of local Muslim Canadian communities. MAC is active in the realm of education, it operates many a full time Canadian accredited Islamic schools and youth centres. The Association also operates cultural centers and mosques to provide cultural services and meet the religious social and intellectual needs of all Canadians regardless of their ethnic or religious background.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian GAAP. Significant accounting policies are described below.

(a) Use of estimates and measurement of uncertainty

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Consequently, actual results could differ from those estimates. Significant areas of the financial statements requiring the use of management estimates include determining the useful life and the amortization of capital assets, the accrued liabilities and the fair value of financial instruments. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

(b) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations, bequests, pledges and other revenue

Donations, bequests, pledges and other revenue from special events are recorded on a cash basis. No accruals are made for monies pledged but not yet received.

Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred revenue – School fees

Amounts billed or received in accordance with customer contracts but do not yet satisfy revenue recognition criteria are recorded as deferred revenue.

Rent income

The Charity records base rents on a straight-line basis over the term of each lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is included in tenant receivables on the balance sheet.

Investment income

Investment transactions are recorded on the transaction date and resulting unrestricted dividends and interest (if any) are recognized as revenue when they are earned. Interest (if any) income is recognized based on the number of days the investment was held during the year. Dividends are recognized as of the ex-dividend date. Gains or losses on the disposal of investments are determined using the average cost method. Realized gains and losses are reported in the statement of operations while unrealized gains and losses on available –for –sales financial assets are included directly in net assets until the asset is removed from the statement of financial position or reclassified. Transaction costs related to the acquisition or disposal of investments are reported in the statement of operations.

(c) Contributed services

Volunteers assist the association in carrying out its service delivery activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(d) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rate, non-monetary assets and liabilities are translated at the historical exchange rate, and revenue and expense items are translated in Canadian dollars at rates of exchange in effect at the related transaction dates. Exchange gains and losses arising from these transactions are included in the Statement of Operations during the period.

(e) Impairment of long-lived assets

Capital and intangible assets subject to amortization are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives according to the following methods and annual rates:

	Methods	Rates
Building	Declining balance	4%
Furniture and fixtures	Straight-line	33%
Computer equipments	Straight-line	33%
Leasehold improvements	Straight-line	20%

(g) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments purchased three months or less from maturity. Accordingly, prior year figures have been reclassified to conform to this accounting policy.

(h) Intangible Assets

The customers list is not amortized because the difficulty to estimate the useful live thereof. It should be tested for impairment annually or more frequently if events or changes in circumstances indicate that it is impaired. The impairment test consists of a comparison of the fair value of the customers list with its carrying amount. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess. No depreciation related of this intangible asset has been recorded.

(i) Financial instruments

Financial instruments are initially recognized at fair value and classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Subsequently, financial instruments are measured in accordance with the measurement provision of the category to which they have been initially classified. Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are presented as a reduction of the underlying financial instruments and expensed using the effective interest rate method. Financial assets and liabilities held for trading are measured at fair value with changes recognized in income. Available-for-sale financial assets are measured at fair value with changes recorded in comprehensive income. Financial assets held to maturity, loans and receivables, and other financial liabilities are measured at amortized cost.

Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012

(j) Financial instruments (continued)

The Charity has designated its financial instruments into one of the following categories. They are initially measured at fair value and subsequently according to the following measurement methods.

Financial asset/liabilities	Category	Measurement
Cash and term deposit	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Deposit	Held for trading	Fair value
Investments in marketable securities	Held for trading	Fair value
Investment in [REDACTED]	Available for sale	Cost
Loan receivable	Loans and receivables	Amortized cost
Accounts payable & accrued liabilities	Other financial liabilities	Amortized cost
Advances payable	Other financial liabilities	Amortized cost
Long term debt	Other financial liabilities	Amortized cost

(k) Investments in private companies subject to significant influence

The investment in private company [REDACTED] subject to significant influence is accounted for using the equity method. Under this method, the investment is initially recorded at cost and adjustments are made to include the Charity's share of the investment's net earnings (or loss), which is recognized in the statement of operations. Management periodically analyzes each investment, and whenever an investment has declined below its carrying value and the decline is considered to be other than temporary, the carrying value of the investment is written down to its fair value and a loss in value is recognized in the statement of operations.

When the Charity's share of losses exceeds its investments in a company subject to significant influence, the carrying amount of that investment is reduced to zero, and the recognition of further share of loss is ceased except to the extent that the Charity has an obligation or is engaged in any way to provide additional financial support to the company subject to significant influence.

Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012

3. FUTURE ACCOUNTING CHANGES

The Charity will adopt the new set of standards part III - Accounting standards for Not-for-Profit Organizations for the year ending June 30, 2013.

4. ACCOUNTS RECEIVABLE

	2012	2011
	\$	\$
Sales tax receivable	215,657	226,894
Accrued investment revenue [REDACTED]	47,754	56,017
Deposit [REDACTED]	51,161	50,573
Other receivable	75,858	32,271
	<u>390,430</u>	<u>365,755</u>

5. DEPOSIT

The deposit is the amounts advanced for the purchase of land and building.

6. INVESTMENTS IN MARKETABLE SECURITIES

	2012	2011
	\$	\$
Canadian money market mutual funds	772,599	1,398,636
Foreign money market mutual funds	1,695,793	1 602 151
Investment [REDACTED]	1,412	1,412
	<u>2,469,804</u>	<u>3,002,199</u>

Investments in marketable securities consist of investments with a maturity of less than one year.

**Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012**

7. INVESTMENTS IN PRIVATE COMPAGNIES

(a) On March 1, 2008, the Charity purchased 16 Class "A" Common Shares in the private company [REDACTED] for a consideration of \$160,000 holding an equity of 16%. The equity in [REDACTED] represents an investment subject to significant influence, which is accounted for using the equity method. The share of loss is calculated based on the unaudited financial statements of [REDACTED] as at December 31, 2011.

(b) On May 17, 2005, the Charity irrevocably subscribed for 100,000 of Class "A" Common Shares of [REDACTED] for a consideration of \$100,000. The fair value of the investment is not available at the time of reporting.

8. CAPITAL ASSETS

			2012	2011
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Building	12,036,508	-	12,036,508	11,342,066
Furniture and fixtures	21,684,513	3,247,397	18,437,116	16,931,085
Computer equipment	464,582	377,378	87,204	158,837
Leasehold improvements	58,687	27,557	31,130	15,938
	615,644	215,040	400,604	464,355
	34,859,934	3,867,372	30,992,562	28,912,281

9. INTANGIBLE ASSETS

	2012	2011
	<u>Cost</u>	<u>Cost</u>
	\$	\$
Customer List	100,000	100,000

Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012

9. INTANGIBLE ASSETS (Continued)

The customers list consists of alarm system accounts. The list was acquired, managing and service agreement entered into, on March 1, 2008, by and among the Charity and [REDACTED] As per the agreement, the charity acquired the list for a consideration of \$100 000 as an investment for a period of five years, after which [REDACTED] is to buy back the client list for the same purchase price. During the five year contract [REDACTED] is responsible of managing and servicing the accounts. Revenues generated are shared among both parties (2012 - \$21,212 and 2011 - \$21,198).

10. OTHER ASSETS

	2012	2011
	\$	\$
Loan receivable	148,000	113,000
Rent receivable	453,416	289,666
	<hr/>	<hr/>
	601,416	402,666

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2012	2011
	\$	\$
Accounts payable	176,050	498,400
Accrued liabilities (a)	278,714	313,773
Deferred revenues (b)	-	215,522
	<hr/>	<hr/>
	454,764	1,027,695

(a) Consist of accrued salaries and vacation (2012 - \$94,672 and 2011 - \$100,359), accrued interests (if any) (2012 - \$39,611 and 2011 - \$41,705) and other accrued (2012 - \$127,361 and 2011 - \$49,755).
(b) School fees of OGS and Abraar School for the academic year 2011-2012 received in advance. In 2012, MAC has no differed income.

12. ADVANCES PAYABLE

Amounts payable to community members are non-interest bearing, unsecured and with no specific terms of repayment.

Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012

13. LONG-TERM DEBT

	2012	2011
	\$	\$
Mortgage, repayable in monthly instalments of \$33,447, with an option to annually prepay up to 20% of the original principal, including financial charges at 5.916% in favour of [REDACTED] maturing September 12, 2013, secured by land and building located [REDACTED] office with a net value of \$7,017,479.	3,630,765	3,811,124
Mortgage, repayable in monthly instalments of \$29,080, with an option to annually prepay up to 20% of the principal amount, including financial charges at 5.71% in favour of [REDACTED] [REDACTED] maturing February 1st, 2015, secured by land and building located [REDACTED] also known as the [REDACTED] office with a net value of \$5,091,230. Under the credit agreement, the Charity is required to respect certain financial ratios.	3,129,077	3,293,722
Mortgage, repayable in monthly instalments of \$16,000, with an option to annually prepay up to 20% of the principal amount, including financial charges at 4.80% in favour of [REDACTED] [REDACTED] maturing January 1st, 2016, secured by land and building of Vancouver Center located at [REDACTED] Mall office with a net value of \$3,098,672. Under the credit agreement, the Charity is required to respect certain financial ratios.	1,855,059	1,955,142
[REDACTED] to vendor registered against [REDACTED] [REDACTED] with net value of \$826,530, is non-interest bearing and due on April 30, 2016, with an annual principal only payment of \$100,000. First payment date April 30, 2013.	400,000	-

Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012

13. LONG-TERM DEBT (Continued)

████████████████████ registered against █████████████████████		
████████████████████ is non-interest bearing and due on August 31, 2011. The terms of the payments are \$123,000 on July 31, 2007 and 61,500\$ every six months until maturity. The mortgage is fully open with discount provisions if paid early with not default.	-	61,500
	9,014,901	9,121,488
Current portion of mortgage payable	571,775	506,974
	8,443,126	8,614,514

Long-term debt capital repayments to be made over the next five years are the following:
2013, \$571,775; 2014, \$598,841; 2015, \$627,847; 2016, \$658,694; 2017, \$590,781.

The Charity paid out \$497,231 in financial charges in 2012 (\$477,533 in 2011).

As at June 30th, 2012 the Charity annual debt service coverage ratio is 4.99 which is more than the minimum ratio expected of 1.25. Therefore, Charity is in compliance with the credit agreement conditions.

14. LOAN PAYABLE

	2012	2011
	\$	\$
Loan, for an amount of US \$500,000 for assistance in financing the purchase of a building for the Olive Grove School in Mississauga City, Ontario. Payable twice a year in equal instalments of US \$50,000, maturing on June 1 st , 2015	305,430	408,307
Current portion of loan payable	101,810	122,168
	203,620	286,139

Loan payable capital repayments to be made over the next five years are the following:
2013, \$101,810; 2014, \$101,810; 2015, \$101,810;

Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012

15. FINANCIAL INSTRUMENTS

Foreign exchange risk

A significant portion of the Charity's revenues is made of donations from foreign countries, and is dominated in United States Dollars ("USD"). The Charity is exposed to foreign exchange risk due to cash, investments in marketable securities and loan payable denominated in U.S. dollars. The Company does not enter into arrangements to hedge its foreign exchange risk. The USD working capital exposure as at period end is as follows:

	2012	2011
	\$	\$
Cash and cash equivalent	124,395	75,345
Investments in marketable securities	1,695,793	1,602,151
Loan payable	305,430	408,307
Net exposure	2,125,618	2,085,803

Fair value

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments:

Cash, accounts receivable, deposit, loan receivable, accounts payable and accrued liabilities:

These financial assets and liabilities held for trading are measured at their carrying value amount since comparable to their fair value due to the approaching maturity of these financial instruments

Investments in marketable securities

These financial assets are classified as held for trading. Management follows broker recommendations of the broker for the purchase and sale of these securities. Listed securities are measured at fair value, determined on the basis of the bid price.

Investment in [REDACTED]

This financial asset available for sale is an investment in equity instruments that do not have a quoted market price in an active market, which is measured at cost since fair value is unavailable and cannot be determined. When there has been a loss in value of an investment that is other than a temporary decline occurs, the investment is written down to recognize the loss. The write-down should be included in the Statement of Operations.

Long-term debt, advances payable, and loan payable:

The fair value of these instruments does not significantly differ from their carrying amount.

Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012

15. FINANCIAL INSTRUMENTS (Continued)

Interest Rate Risk

The Charity is exposed to interest rate risk changes in market interest rates will cause fluctuations in the fair value of future cash flows of these investments. The short term nature of these instruments, a maturity within three months of their purchase date and the highly liquid nature significantly mitigate the Charity's interest rate risk. The Charity is exposed to interest rate risk with respect to its investments in marketable securities, current debt and long-term debt.

Credit Risk

Credit risk reflects the risk that the Charity may be unable to recover its accounts receivable. The Charity is exposed to credit risk because it has long-term receivable. Based on the status of accounts receivables, no allowance for doubtful accounts has been recorded as at June 30, 2012.

Liquidity Risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is the risk that the Charity is not able to meet its financial obligations as they become due or that it can only do so at an abnormally high cost. The Charity plans to manage its cash flow and investment in new products to match the cash requirements to cash generated from operations. Management believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements. However, no assurances can be given that the Charity will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources will be available.

Management prepares regular budgets and cash flow forecasts to help predict future changes in liquidity. Based on the Charity's aggregate liquid assets as compared to its liabilities and commitments, management assesses liquidity risk to be low, subject to the ability to generate positive cash flows from operations. Charity's liabilities are as indicated in the following table:

	2012	2011
	\$	\$
Account payable (note 10)	176,050	498,400
Accrued Liabilities (note 10)	278,714	313,773
Deferred revenue (note 10)	-	215,522
Advances payable (note 11)	520,479	567,979
Current debt (note 12 & 13)	673,585	629,142
	<hr/> <u>1,648,828</u>	<hr/> <u>2,224,816</u>

Muslim Association of Canada
Notes to Financial Statements
For the year ended June 30, 2012

16. INFORMATION INCLUDED IN CASH FLOWS

The changes in non-cash working capital items are detailed as follows:

	2012	2011
	\$	\$
Accounts receivable	(24,675)	(195,279)
Deposit receivable	-	(3,000)
Prepaid and sundry	6,922	(5,816)
Other assets	(163,750)	(158,000)
Accounts payable and accrued liabilities	(572,931)	807,495
Other liabilities	-	-
	<u>(754,436)</u>	<u>445,400</u>

Cash flows relating to financial charges on operating activities are detailed as follows:

	2012	2011
	\$	\$
Financial charges paid	497,231	477,533

17. COMMITMENTS

The Charity entered into equipment operating leases and is committed to pay annual amounts for the years ended June 30th as follows:

2012	\$46,711
2013	47,646
2014	48,599
2015	49,571
2016	49,571

The Charity is committed to buy land and building of an approximate amount of \$5,500,000.

18. COMPARATIVE FIGURE

The comparative figures for 2011 have been reclassified to conform to the financial statements presentation adopted for 2012.

Muslim Association of Canada
 Additional information
 For the year ended June 30, 2011

2012
 \$

2011
 \$

Schedule A

Expenses

Salaries, wages and fringe benefits	4,696,933	3,955,252
Social, religious and program activities	1,217,076	1,096,734
Maintenance and repairs	520,520	403,508
Contributions to Canadian charities	444,577	234,278
Utilities	391,288	412,787
School supplies	267,828	350,426
Professional fees	264,161	217,441
Rental for halls and facilities	124,209	75,731
Insurance	88,644	84,798
Fundraising	68,649	84,041
Realty taxes	64,004	99,960
Conferences, conventions, training and seminars	74,799	53,343
Travelling and entertainment	70,148	54,047
Office and general	52,222	58,223
■ credit card and bank charges	48,486	44,723
Telecommunications	39,563	34,027
Printing and stationery	38,618	40,843
School bus operating costs	9,493	62,799
Advertizing and promotion	35,271	20,103
Office supplies	29,162	21,853
Equipement rental	25,924	13,278
Computer maintenance and supplies	14,709	14,225
Security	14,159	7,268
Foreign exchange loss	(65,153)	118,011
	<u>8,535,290</u>	<u>7,557,699</u>