

MUSLIM WELFARE CENTRE OF TORONTO
Financial Statements
Year Ended December 31, 2023

MUSLIM WELFARE CENTRE OF TORONTO

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Year Ended December 31, 2023

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S.A. Sami Professional Corporation

Chartered Professional Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Members of MUSLIM WELFARE CENTRE OF TORONTO

Qualified Opinion

I have audited the financial statements of MUSLIM WELFARE CENTRE OF TORONTO (the "organization"), which comprise the statement of financial position as at December 31, 2023, 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 my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, 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 not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2023, current assets and net assets as at December 31, 2023.

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

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

(continues)

Independent Auditor's Report to the Members of MUSLIM WELFARE CENTRE OF TORONTO
(continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

S.A. Sami Professional Corporation

Mississauga, Ontario
July 2, 2024

CHARTERED PROFESSIONAL ACCOUNTANT
Authorized to practise public accounting by
the Chartered Professional Accountants of
Ontario

MUSLIM WELFARE CENTRE OF TORONTO**Statement of Financial Position****December 31, 2023**

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 4,370,123	\$ 4,949,558
Cash at bank for Senior Housing Program (Note 17)	1,505,839	1,759,671
Investment (Note 4)	55,071	32,338
Accounts receivable	-	2,400
HST receivable	317,040	366,723
Inventory (Note 5)	33,970	96,418
Prepaid expenses	97,595	107,145
Loan receivable (Note 12)	-	287,947
	6,379,638	7,602,200
PROPERTY AND EQUIPMENT (Net of accumulated amortization) (Note 8)	20,972,954	19,431,746
	\$ 27,352,592	\$ 27,033,946
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 887,758	\$ 862,795
Deposits received	152,300	15,303
Deferred revenue (Note 10)	1,554,220	1,026,912
	2,594,278	1,905,010
SSRF PROGRAM FORGIVABLE LOAN (Note 11)	2,036,000	2,290,500
CMHC FORGIVABLE LOAN (Note 12)	2,591,526	2,735,499
VENDOR TAKE BACK (VTB) LOAN (Note 13)	3,850,000	3,850,000
	11,071,804	10,781,009
NET ASSETS		
Net assets (unrestricted)	13,280,788	13,252,937
Net assets (internally restricted) (Note 17)	3,000,000	3,000,000
	16,280,788	16,252,937
	\$ 27,352,592	\$ 27,033,946

LEASE COMMITMENTS (Note 15)

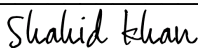
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Director

Director

See notes to financial statements

MUSLIM WELFARE CENTRE OF TORONTO**Statement of Revenues and Expenditures****Year Ended December 31, 2023**

	2023	2022
REVENUES		
Donations	\$ 5,640,665	\$ 5,975,618
Homelessness Prevention Program (HPP) Grants from Region of Durham (<i>Note 7</i>)	1,173,474	1,384,721
Community Homelessness Prevention Initiative (CHPI) Grant from Region of Durham (<i>Note 6</i>)	1,128,560	1,077,923
Investment and Other Income	299,830	242,201
Donations in-kind	202,780	240,903
	8,445,309	8,921,366
EXPENSES		
Program expenses (<i>Note 14</i>)	7,095,778	6,002,139
Fundraising & Advertisement	686,068	636,563
General Administration	405,207	479,605
Amortization	230,405	217,646
	8,417,458	7,335,953
EXCESS OF REVENUES OVER EXPENSES	\$ 27,851	\$ 1,585,413

MUSLIM WELFARE CENTRE OF TORONTO**Statement of Changes in Net Assets****Year Ended December 31, 2023**

	Net assets (Unrestricted)	Net assets (internally restricted)	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 13,252,937	\$ 3,000,000	\$ 16,252,937	\$ 14,667,526
EXCESS OF REVENUES OVER EXPENSES	27,851	-	27,851	1,585,413
NET ASSETS - END OF YEAR	\$ 13,280,788	\$ 3,000,000	\$ 16,280,788	\$ 16,252,939

MUSLIM WELFARE CENTRE OF TORONTO**Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 27,851	\$ 1,585,413
Items not affecting cash:		
Amortization of property and equipment	230,405	217,646
Loan Forgiveness	(398,474)	(398,474)
	-	-
	(140,218)	1,404,585
Changes in non-cash working capital:		
Accounts receivable	2,400	15,498
Inventory	62,448	(96,418)
Accounts payable	24,962	454,523
Deferred revenue	527,308	547,700
Prepaid expenses	9,550	501,340
Harmonized sales tax payable	49,683	141,643
Deposits received	136,997	15,303
	813,348	1,579,589
Cash flow from operating activities	673,130	2,984,174
INVESTING ACTIVITIES		
Purchase of property and equipment	(50,231)	(8,683,102)
Project under construction	(1,721,380)	-
Investment	(22,733)	(25,558)
Guaranteed Investment Certificates	-	1,109,966
Cash flow used by investing activities	(1,794,344)	(7,598,694)
FINANCING ACTIVITY		
CMHC FORGIVABLE LOAN	287,947	2,591,526
DECREASE IN CASH FLOW	(833,267)	(2,022,994)
Cash - beginning of year	6,709,229	8,732,223
CASH - END OF YEAR	\$ 5,875,962	\$ 6,709,229
CASH CONSISTS OF:		
Cash	\$ 4,370,123	\$ 4,949,558
Cash at bank for Senior Housing Program	1,505,839	1,759,671
	\$ 5,875,962	\$ 6,709,229

See notes to financial statements

MUSLIM WELFARE CENTRE OF TORONTO**Notes to Financial Statements****Year Ended December 31, 2023****1. PURPOSE OF THE ORGANIZATION**

MUSLIM WELFARE CENTRE OF TORONTO (the "organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario and is a registered charity. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

Muslim Welfare Centre of Toronto (the organization) is mainly serving and fulfilling the educational, social and economic needs of the community of Greater Toronto and vicinity. The organization was incorporated without share capital as a non-profit organization on March 23, 1994. The organization's motto is "Service to Humanity is service to Allah". The organization is serving humanity irrespective of religion, nationality, caste, or creed.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESRevenue recognition

The organization follows the deferral method of accounting for donations and grants. Restricted donations and grants are recognized as revenue in the year the related expenses are incurred and unused donations and grants for specific purposes are deferred until such time they are used. Unrestricted donations and grants are recognized as revenue when received or recoverable if the amount to be received can be reasonably estimated and collections are reasonably assured. Donations in-kind (contributed materials) from the public are recognized as revenue at their fair value when received. Donated services (contributed services) including voluntary services are not recorded in the accounts of the organization because of the difficulty in estimation of the value.

Income from investments is recognized on accrual basis.

Government grants

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Inventory

Food inventory is measured at cost. There is no net realizable value as the food items are meant to be distributed to needy for free. Cost is determined using specific identification on the basis of purchase invoice, which is the Fair Market Value.

Interest capitalization

Interest cost relating to Long Term Care project in progress is capitalized as part of Project under development and construction. Capitalization of interest ceases when the asset is substantially complete and ready for its intended productive use.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Buildings	3% declining balance method
Equipment	20% declining balance method

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MUSLIM WELFARE CENTRE OF TORONTO**Notes to Financial Statements****Year Ended December 31, 2023**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Computer equipment	30%	declining balance method
Furniture and fixtures	25%	declining balance method
Automobile	30%	declining balance method

Capitalized costs

Capitalized costs include development costs, mortgage interest, realty taxes, and administrative and general expenses incurred in the connection with the acquisition, development and construction of LTC.

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

Financial assets and liabilities are initially measured at fair value, except for certain non-arm's length transactions. Subsequently all financial assets and liabilities are measured at amortized cost, except for investment in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Transactions costs

Transaction costs relating to financial assets and liabilities that will be subsequently measured at fair value are expensed as incurred.

Transaction costs that are directly attributable to acquisition of financial assets and liabilities that will not be measured at the fair values are capitalized to the cost to those financial assets and liabilities

Investments

These investment in shares in public companies valued at market price. The change in the market price is taken in income.

Allocation of common and general support expenses

The organization engages in various programs. The cost of these programs includes costs of personnel, premises and other expenses that are directly related to providing the programs. The organization also incurs number of general support expenses that are common to the administration of the organization and each of its programs. The organization allocates certain of its general support expenses to programs, administration and fundraising expenses on an appropriate basis. Salaries allocated to programs and administration based on time spent by the employees. From this fiscal year 2023, the organization allocates the General administration and support expenses 40% to Programs and 5% to Fundraising. 67% interest expenses based on utilization allocated to construction of Long Term Care facility.

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MUSLIM WELFARE CENTRE OF TORONTO**Notes to Financial Statements****Year Ended December 31, 2023****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. INVESTMENTS

These were investment in shares of public companies valued at market price. The change in the market price is taken in income.

5. INVENTORY

Inventory consist of food items i.e. rice, wheat flour, packed uncooked foods and cooking oil.

6. COMMUNITY HOMELESSNESS PREVENTION INITIATIVE (CHPI) GRANTS FROM REGION OF DURHAM (THE REGION)

The organization received grant from the Region for needy women and their children. The purpose of this grant is to provide boarding and lodging and personal need allowance to eligible women and their children, who for various reasons require these services. The organization received the grant on a monthly basis. The organization has to comply with certain conditions including filing of quarterly and annual financial statements.

7. HOMELESSNESS PREVENTION PROGRAM (HPP) FOR SUPPORTIVE HOUSING GRANT FROM REGION OF DURHAM (THE REGION)

The organization received HPP grant from the Region to provide housing to vulnerable people and population who are also, or otherwise would be, in severe housing need or people experiencing or at high risk of homelessness. The income includes loan forgiveness of \$398,474.

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 13,274,458	\$ -	\$ 13,274,458	\$ 13,274,458
Buildings	6,519,579	1,009,731	5,509,848	5,644,283
Equipment	114,723	59,125	55,598	69,497
Motor vehicles	135,763	92,623	43,140	61,628
Computer equipment	75,456	61,271	14,185	18,311
Furniture and fixtures	203,626	130,185	73,441	82,666
Project under development and construction (Note 10)	2,002,284	-	2,002,284	280,903
	\$ 22,325,889	\$ 1,352,935	\$ 20,972,954	\$ 19,431,746

MUSLIM WELFARE CENTRE OF TORONTO**Notes to Financial Statements****Year Ended December 31, 2023****9. PROJECT UNDER DEVELOPMENT AND CONSTRUCTION**

The Ministry of Long-Term Care (LTC) in April 2022 has allocated 192 long term care beds as part of the Muslim Welfare Centre of Toronto Long Term Care Home – Courtice Project. The project includes construction of 192 new long term care beds that would be eligible for LTC Capital Development Funding and Construction Funding Subsidy, for a LTC Home to be developed in Courtice. The development of the 192 new LTC bed is subject to execution of a Development agreement with the Ministry, fulfillment of all requirements and shall be completed with in 5 years. The organization is developing the LTC home in self owned land in Courtice, ON. SHS Consulting, Toronto has been hired as project development consultant, Snyder Architect as Architect for the project, and SENCAP as financial advisor for soliciting finances for the project. The organization is working toward soliciting financing for the project as well as for submission of working drawings for construction approval from the Ministry. At the end of the year 2023 \$2,022,841 (2022:\$280,903) was spent for interest expenses, professional fees and other general expenses.

10. DEFERRED REVENUE

The following revenues are deferred at the end of the year as the related expenses are not incurred:

	Disaster and Flood relief	Support a Child Program	2023	2022
Opening balance	\$ 549,459	\$ 477,453	\$ 1,026,912	\$ 479,212
Amount received	1,042,681	312,920	1,355,601	909,699
Revenue recognized	(431,465)	(396,828)	(828,293)	(361,999)
Balance end of the year	1,160,675	393,545	1,554,220	1,026,912
	\$ 1,160,675	\$ 393,545	\$ 1,554,220	\$ 1,026,912

MUSLIM WELFARE CENTRE OF TORONTO**Notes to Financial Statements****Year Ended December 31, 2023****11. FORGIVABLE LOAN UNDER PROGRAM SOCIAL SERVICES RELIEF FUND PHASE 2 PROGRAM (SSRF)**

The Corporation of the Regional Municipality of Durham (herein called "Service Manager") has granted Interest free forgivable loan of \$2,545,000 to the organization by a Contribution agreement dated March 9, 2021. The purpose of the loan is to operate a homeless shelter/transitional Residences project at 732 Dundas Street East in the Town of Whitby in accordance with the contribution agreement.

The terms of the loan include (a) the loan shall have term of 10 years (b) the Service Manager shall fully forgive the obligation to repay the loan after 10 years, intended to be used as home for the homeless (c) during the minimum period of 10 years, the organization may not dispose of the asset acquired with funds of the loan without the Service Manager consent (d) at the discretion of the Service Manager the amount of the loan may be reduced at the rate of 10% per year provided the organization has fulfilled all the terms of the agreement. The loan amount shall be fully forgiven on the last day of the month at the end of term loan provided the organization fulfills all requirements of the loan agreement.

The Covenants include (a) payment of all the taxes and levies of Province on Ontario in a timely manner (b) to maintain all the licenses and permits up to date (c) maintain PIPEDA and MFIPA (D) the organization will not without the prior written consent of the Service manager create any mortgage, pledge, lien or other encumbrance whatsoever on the property or permit any change in the ownership of the property.

The organization shall maintain a commercial insurance policy in the amount of at least \$5,000,000 provided for without limitation, coverage for personal injury, public liability and property damage and naming the Region of Durham as an additional insured thereon.

The organization shall provide the Service Manager with security documents in the form identified in Schedule C of the agreement. The organization shall include total amount of program funds (\$2,545,000) in the security documents and the security shall be collateral to the agreement.

The balance outstanding at the end of year was \$2,036,000 net of forgiveness amount of \$254,500.

12. CANADA MORTGAGE HOUSING CORPORATION FORGIVABLE LOAN THROUGH REGIONAL MUNICIPALITY OF DURHAM (SERVICE MANAGER)

Forgivable loan of \$2,879,473 was sanctioned and \$2,591,526 was received during the year, balance of \$287,947(10%) is received after year end. The purpose of the loan is for the construction of 26 affordable housing units at 732 Dundas Street East in the Town of Whitby, catering to need of vulnerable people and population as defined in the agreement. The forgivable loan is charge /Mortgage of land and building at 732 Dundas Street East to the extent of \$2,879,473 in favour of Service Manager.

At the discretion of the Service Manager, the amount of the loan may be reduced at the rate of 5% per year, provided organization has fulfilled all the requirements of Rapid Housing Initiative. The loan amount will be fully forgiven on the last day of month at the end of loan term. The loan is secured by a first registered charge/Mortgage of Land title to the property. The term of the loan is 40 years and bears interest rate at higher of the average posted rate offered by the major Canadian lending institutions for a commercial mortgage having a five year term plus 2%, or the interest rate applicable plus 2%. The organization is required comply with certain covenants. if the organization complies fully with terms of this agreement the amount of interest owing shall be automatically forgiven and the organization is in fully compliance with the terms and no interest was charged.

The balance outstanding at the end of the year was \$2,591,526 net of forgiveness amount of \$143,973.65.

MUSLIM WELFARE CENTRE OF TORONTO**Notes to Financial Statements****Year Ended December 31, 2023****13. VENDOR TAKE BACK (VTB) LOAN**

In 2022, property was bought for \$10,700,000 at Courtice, Ontario from LDB Holdings Ltd (Vendor). The Vendor has given a VTB of \$5,350,000 at a rate 6% per annum.

Out of the total loan of \$5,350,000, \$1,500,000 was repaid in the prior year. The VTB is secured by the property having a carrying value of \$10,700,000. The VTB due for final payment on March 24, 2024. During the term of the loan only interest is payable and during the year \$231,000 interest was paid. Out of the total interest expenses \$154,000 was capitalised to LTC under development and balance \$77,000 was expensed to income statement.

The balance outstanding at the end of the year was \$3,850,000.

14. PROGRAM EXPENSES

MWC is mainly engaged in operating Food banks, Medical clinic, Meal Programmes, Place of worship and learning, Emergency Shelters and Transition Homes within Canada. Disaster relief efforts and Qurbani programmes are being operated globally. It's Support A Child and Water Well Projects are based in Pakistan. The cost of each program includes expenses that directly related to providing the program including the allocated general support expenses.

	2023	2022
Canadian Projects	\$ -	\$ -
Food and meals	3,470,817	2,739,190
Care home and shelter	1,975,902	2,117,362
Health and community services	632,380	686,686
Disaster relief	28,145	-
Total for Canadian projects	6,107,244	5,543,238
International Projects:	-	-
Child educations	396,828	175,244
Water explorations	188,384	136,910
International relief efforts	403,320	146,746
Total for International Projects	988,532	458,900
	\$ 7,095,776	\$ 6,002,138

ALLOCATION OF GENERAL AND SUPPORT EXPENSES

General and support expenses of \$324,796 (2022 \$393,393) which include Salaries and benefits, Occupancy costs and Office and General expenses, have been allocated to the programs and fundraising as follows:

	2023	2022
<u>Section heading</u>		
Programmes	\$ 288,708	\$ 349,683
Fundraising	36,088	43,710
	\$ 324,796	\$ 393,393

MUSLIM WELFARE CENTRE OF TORONTO**Notes to Financial Statements****Year Ended December 31, 2023**

15. COMMITMENTS

The organization leases its offices at Scarborough on aggregate monthly rent of \$8,728 excluding HST. These leases are on year to year basis.

16. CAPITAL EXPENDITURES

The organization has approved at the end of the year approximately \$3 million in capital expenditures for Long Term Care Project which will be paid in future and will be funded from internal cash flows.

17. NET ASSETS INTERNALLY RESTRICTED

An internally restricted net assets of \$3,000,000 representing project for senior housing was approved by the Board of Directors. Separate bank account was also opened for providing fund to the senior housing project. The bank balance at the end of the year was \$1,505,839 after paying partially for the purchase of land to develop senior housing in future.

18. 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, 2023.

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 customers. Significant portion of revenue is from donations which are recorded on cash basis because of uncertainty of collection. The organization manages credit risk by keeping cash with chartered banks. There is no change in the risk from prior year.

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 receiving donations from public, grants from government, VTB loan, accounts payables and meeting operating expenses. All the expenses are program driven. There is increase in the risk from prior year mainly due to VTB loan and project under development.

Currency risk

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is not exposed to foreign currency exchange risk as it not deal in foreign currency transactions and balances.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is exposed to interest rate risk with respect to forgivable loans in case of non-compliance. There are no derivative financial instruments to mitigate this risk. There is increase in risk from prior year as new loans obtained during the year.

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MUSLIM WELFARE CENTRE OF TORONTO

Notes to Financial Statements

Year Ended December 31, 2023

18. FINANCIAL INSTRUMENTS *(continued)*

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed to other price risk.

19. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year end:

Change of Name

During the 2024 year, the Organization has changed its name to "Muslim Welfare Canada".

20. COMPARATIVE FIGURES

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