

**HALTON ISLAMIC ASSOCIATION**

**Financial Statements**

**Year Ended December 31, 2024**

# HALTON ISLAMIC ASSOCIATION

## Index to Financial Statements

Year Ended December 31, 2024

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**INDEPENDENT AUDITOR'S REPORT**

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To the Members of Halton Islamic Association

*Qualified Opinion*

I have audited the financial statements of Halton Islamic Association (the "organization"), which comprise the statement of financial position as at December 31, 2024, 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, 2024, 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 fund raising and donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. My audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

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.

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*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.

*R. A. Mirza Professional Corporation, CPA.*

Mississauga, Ontario  
August 5, 2025

R.A. Mirza Professional Corporation  
Chartered Professional Accountant  
Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

**HALTON ISLAMIC ASSOCIATION****Statement of Financial Position****December 31, 2024**

	2024	2023
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 5,516,314	\$ 4,939,506
Donations receivable (Note 4)	50,498	-
Current portion of loans receivable (Qard-e Hasna) (Note 6)	34,400	19,890
Harmonized sales tax recoverable	478,515	139,235
Prepaid expenses and deposits (Note 5)	285,407	285,111
	<u>6,365,134</u>	<u>5,383,742</u>
PROPERTY, PLANT AND EQUIPMENT (Note 7)	14,218,586	8,973,362
LOANS RECEIVABLE (QARD-E-HASNA) (Note 6)	1,900	3,550
LONG TERM INVESTMENTS (Note 8)	40,700	89,200
	<u>\$ 20,626,320</u>	<u>\$ 14,449,854</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 516,117	\$ 45,044
Canada emergency bank account	-	40,000
Current portion of deferred government grants (Note 11)	11,373	36,000
Holdbacks payable (Note 9)	355,767	-
Loan payable (Qard-e-Hasna) (Note 10)	1,000,000	-
	<u>1,883,257</u>	<u>121,044</u>
DEFERRED GOVERNMENT GRANTS (Note 11)	28,433	-
	<u>1,911,690</u>	<u>121,044</u>
<b>NET ASSETS</b>		
General fund	4,009,469	9,169,799
Restricted fund	14,705,161	5,159,011
	<u>18,714,630</u>	<u>14,328,810</u>
	<u>\$ 20,626,320</u>	<u>\$ 14,449,854</u>

**ON BEHALF OF THE BOARD**


Director



Director

See notes to financial statements

**HALTON ISLAMIC ASSOCIATION**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2024**

	2024	2023
<b>REVENUES</b>		
Fund raising for new centre	\$ 2,521,273	\$ 2,642,437
Charitable gift <i>(Note 12)</i>	2,000,000	-
Donations	703,315	748,320
Zakat	255,593	199,367
School income	208,409	197,984
Other income	82,444	88,112
Government grants <i>(Note 11)</i>	59,960	49,000
Community event income	5,266	6,871
Membership fee	2,423	5,896
	<b>5,838,683</b>	<b>3,937,987</b>
<b>EXPENSES</b>		
Salaries and wages	396,695	297,001
Financial assistance - zakat	238,821	221,509
Social and religious programs	170,167	231,242
Repairs and maintenance	132,584	104,749
Amortization <i>(Note 7)</i>	129,081	129,056
Community event expenses	89,974	55,971
Office expense	56,157	37,921
School expenses	53,283	38,674
Rent expense	52,210	69,754
Fundraising expense	48,667	75,566
Bank charges	25,934	21,299
Professional fees	15,720	5,000
Utilities	14,868	12,377
Advertising and promotion	11,873	2,280
Property taxes	10,903	10,199
Syrian refugee expense	10,024	-
Insurance	9,481	8,304
Telephone	4,405	3,237
Supplies	2,061	2,888
	<b>1,472,908</b>	<b>1,327,027</b>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>4,365,775</b>	<b>2,610,960</b>
<b>OTHER INCOME</b>		
Dividend income <i>(Note 8)</i>	16,367	1,500
Gain (loss) on foreign exchange	3,678	(1,027)
	<b>20,045</b>	<b>473</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 4,385,820</b>	<b>\$ 2,611,433</b>

See notes to financial statements

**HALTON ISLAMIC ASSOCIATION****Statement of Changes in Net Assets****Year Ended December 31, 2024**

	General Fund	Restricted Fund	2024	2023
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 9,169,799	\$ 5,159,011	<b>\$ 14,328,810</b>	\$ 11,717,377
EXCESS OF REVENUES OVER				
EXPENSES	1,906,466	2,479,354	<b>4,385,820</b>	2,611,433
Interfund transfers <i>(Note 13)</i>	(7,066,796)	7,066,796	-	-
<b>NET ASSETS - END OF YEAR <i>(Note 13)</i></b>	<b>\$ 4,009,469</b>	<b>\$ 14,705,161</b>	<b>\$ 18,714,630</b>	<b>\$ 14,328,810</b>

**HALTON ISLAMIC ASSOCIATION****Statement of Cash Flows****Year Ended December 31, 2024**

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 4,385,820	\$ 2,611,433
Items not affecting cash:		
Amortization of property, plant and equipment	129,081	129,056
Dividend income	(1,500)	(1,500)
	<u>4,513,401</u>	<u>2,738,989</u>
Changes in non-cash working capital:		
Donations receivable	(50,498)	-
Accounts payable	471,073	(24,442)
Current portion of deferred government grant	(24,627)	36,000
Prepaid expenses and deposits	(296)	(699)
Harmonized sales tax payable	(339,280)	(70,656)
Holdbacks payable	355,767	-
Loan payable (Qard-e-Hasna)	<u>1,000,000</u>	<u>-</u>
	<u>1,412,139</u>	<u>(59,797)</u>
Cash flow from operating activities	<u>5,925,540</u>	<u>2,679,192</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,374,305)	(1,273,244)
Repayment of loans and notes receivable	34,440	38,640
Addition to loans and notes receivable	(47,300)	(46,550)
Proceeds from sale of long term investments	<u>50,000</u>	<u>-</u>
Cash flow used by investing activities	<u>(5,337,165)</u>	<u>(1,281,154)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of Canada emergency bank account	(40,000)	-
Deferred government grants	<u>28,433</u>	<u>-</u>
Cash flow used by financing activities	<u>(11,567)</u>	<u>-</u>
<b>INCREASE IN CASH FLOW</b>	<b>576,808</b>	<b>1,398,038</b>
Cash - beginning of year	<u>4,939,506</u>	<u>3,541,468</u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 5,516,314</b></u>	<u><b>\$ 4,939,506</b></u>

See notes to financial statements



# HALTON ISLAMIC ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2024

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### 1. PURPOSE OF THE ORGANIZATION

Halton Islamic Association (the "organization") is a not-for-profit organization of Ontario. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization's purpose is to conduct religious, cultural, and other activities; arrange and hold congregational prayers and Islamic religious festivals at appropriate times; establish and manage the affairs of an Islamic school for teaching Arabic and Islamic studies to Muslim children; and endeavour to make Islamic teachings known to interested non-Muslims.

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### 2. BASIS OF PRESENTATION

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

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Fund accounting

Halton Islamic Association follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

Restricted Fund includes the following;

Capital fund represents amounts internally restricted by the management for capital expenditures, including acquisition, construction, and major repairs of new building - Rahma Islamic Centre which is located in Burlington, Ontario.

Zakat fund comprises zakat donations received from donors that are restricted for distribution in accordance with zakat principles. These funds are to be used exclusively for charitable and relief purposes as per donor intent and religious guidelines.

#### Revenue recognition

Halton Islamic Association follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions 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.

Revenue from donations is recognized on a cash basis, with no accrual being made for amounts pledged but not received.

Funds received for general donations and zakat and sadaqah are recognized as revenue when received.

#### Government grants

Grants received for the purchase of capital assets are recorded as deferred contributions and recognized as revenue on a systematic basis over the useful life of the related assets.

Grants received for specific programs or operating expenditures are recorded as deferred contributions when received and recognized as revenue in the period in which the related expenses are incurred.

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# HALTON ISLAMIC ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2024

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

#### Investments

The organization's long term investments consist of shares of a private companies, which are recorded using the cost method. The organization's investments holdings in all of the companies are less than 7%.

#### Property, plant and equipment

Property, plant 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:

Land	N/A
Building	4% declining balance method
Office equipment	20% declining balance method
Furniture and fixtures	20% declining balance method
Building - Rahmah Islamic Centre	N/A

The organization regularly reviews its property, plant and equipment to eliminate obsolete items.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

#### Goods and services tax

Contributed materials and services are recoverable at 50% of General sales taxes ("GST") and 82% of Provincial sales taxes - Ontario ("PST-ON") as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

#### 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.

#### Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The organization's ability to continue as a going concern is dependent upon its ability to raise funds/donations and other revenue from other sources, and to meet current and future obligations and the existing payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the organization were unable to continue its operations.

#### Financial instruments

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.

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# HALTON ISLAMIC ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2024

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### 4. DONATIONS RECEIVABLE

As at December 31, 2024, the organization has recorded donations receivable in the amount of \$50,498. These amounts represent donations that were received prior to year-end but were not yet deposited or cleared through the bank as of that date.

Donations receivable are recognized when the amount to be received can be reasonably estimated and collection is reasonably assured, in accordance with Section 4410 – Contributions under Part III of the CPA Canada Handbook – ASNPO.

Management expects the full amount of the receivable to be collected within the next fiscal period. No allowance for doubtful accounts has been recorded as all amounts are considered collectible

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### 5. PREPAID EXPENSES AND DEPOSITS

Included in prepaid expenses and deposits is an amount of \$273,000 (2023 – \$273,000) held on deposit with the City of Burlington as construction security related to a capital project. This amount will be refunded to the organization upon satisfactory completion of the project and compliance with applicable municipal requirements.

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### 6. LOANS RECEIVABLE (QARD-E-HASNA)

	<u>2024</u>	<u>2023</u>
Loans receivable (Qard-e-Hasna), Interest free loan	\$ 36,300	\$ 23,440
Amounts receivable within one year	<u>(34,400)</u>	<u>(19,890)</u>
	<u>\$ 1,900</u>	<u>\$ 3,550</u>

The organization provides short- and medium-term, interest-free loans (Qard-e-Hasna) to individuals and families in need as part of its charitable activities. These loans are non-interest bearing and are repayable over varying terms as set out in individual loan agreements with each recipient.

Repayments are based on the borrower's financial capacity, and the organization monitors the loans for collectability. As at December 31, 2024, the total outstanding balance of Qard-e-Hasna loans receivable was \$36,300 (2023 – \$23,440).

No allowance for doubtful accounts has been recorded as management believes all amounts are ultimately collectible based on historical experience and ongoing communication with recipients.

Principal repayment terms are approximately:

2025	\$ 34,400
2026	<u>1,900</u>
	<u>\$ 36,300</u>

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**HALTON ISLAMIC ASSOCIATION****Notes to Financial Statements****Year Ended December 31, 2024****7. PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated amortization	<b>2024 Net book value</b>	2023 Net book value
Land	\$ 4,647,743	\$ -	\$ <b>4,647,743</b>	\$ 4,647,743
Building	3,181,931	732,903	<b>2,449,028</b>	2,551,071
Office equipment	252,640	148,858	<b>103,782</b>	123,257
Furniture and fixtures	18,610	11,356	<b>7,254</b>	9,067
Building - Rahmah Islamic Centre	7,010,779	-	<b>7,010,779</b>	1,642,224
	<b>\$ 15,111,703</b>	<b>\$ 893,117</b>	<b>\$ 14,218,586</b>	<b>\$ 8,973,362</b>

Included in office equipment are items totaling \$56,866 that were financed through a government grant. As of year-end, the net book value of these assets is \$40,943 (2023 – \$51,179).

Rahmah Islamic Centre building located at Palladium Way, Burlington is still under construction and therefore it is not being amortized.

Amortization expense for the year is \$129,081 (2023 – 129,056).

**8. LONG TERM INVESTMENTS**

	<b>2024</b>	2023
Islamic Co-operative Housing Corporation Ltd.	\$ <b>41,000</b>	\$ 37,700
8925011 Canada Inc.	-	50,000
	<b>\$ 41,000</b>	<b>\$ 87,700</b>

The organization has invested in common shares of Islamic Co-operative Housing Corporation Ltd. (ICHC). ICHC provides loans to purchase homes without any interest to eligible Muslim home buyers. The organization owns 392 common shares. The organization's interest is less than 1% of the total outstanding common shares of ICHC. The investment is accounted for using the cost method under which the investment is carried at the cost thereof.

During the year, the organization disposed of its investment in 8925011 Canada Inc., operating as Darul Ihsan. The organization previously held 7% of the common shares in the company, which owned a commercial rental property. The investment was accounted for using the cost method, with a carrying amount of \$50,000.

In 2024, the investee corporation was dissolved and the organization received total proceeds of \$64,172. Of this amount, \$9,098 was received as a regular dividend, \$5,074 was received as a capital dividend, and the remaining \$50,000 represented a return of capital. As a result, the investment was derecognized and a gain of \$14,172 was recognized in the statement of revenues and expenditures for the year, representing the excess of proceeds over the carrying value of the investment.

**9. HOLDBACKS PAYABLE**

As at December 31, 2024, the organization has recorded construction holdbacks payable in the amount of \$355,767 related to ongoing capital construction projects.

These holdbacks represent amounts withheld in accordance with the terms of construction contracts, pending satisfactory completion of work and the expiration of the lien period, in accordance with applicable construction lien legislation.

All holdbacks are expected to be settled within the next fiscal year and are therefore classified as current liabilities on the Statement of Financial Position.

# HALTON ISLAMIC ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2024

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### 10. LOAN PAYABLE (QARD-E-HASNA)

During the year, the organization received a total of \$1,000,000 in the form of Qard-e-Hasna (interest-free loans) from Abonowara Medicine Professional Corporation for the purpose of supporting ongoing operational and program-related activities.

The loan is non-interest bearing and was provided without specific repayment schedule. However, lending entity has formally communicated their intention to request full repayment of the outstanding balance within the 2025 fiscal year.

As such, the full amount of \$1,000,000 has been classified as a current liability in the Statement of Financial Position as at December 31, 2024.

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### 11. DEFERRED GOVERNMENT GRANTS

During the year, the organization received a grant of \$56,866 under the Security Infrastructure Program (SIP) to partially fund the purchase of security equipment. The total cost of the equipment acquired was \$56,866.

The grant has been recorded as a deferred contribution and is being recognized as revenue on a straight-line basis over the useful life of the related asset, in accordance with Section 4410 – Contributions – Revenue Recognition of the CPA Canada Handbook – ASNPO.

The continuity of the deferred government grant is as follows:

	<u>2024</u>
Deferred government grants, beginning balance	\$ -
Grants received during the year	56,866
Grants recognized as income for the year	<u>(17,060)</u>
Deferred government grants, ending balance	<u>\$ 39,806</u>

The current portion of \$11,373 is expected to be recognized as revenue in the next fiscal year and is classified under current deferred government grants on the Statement of Financial Position.

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### 12. CHARITABLE GIFT

During the year, the organization received \$2,000,000 from Human Concern International to support community development programs for seniors, families in need, and youth at risk. As the purpose of the gift aligns with the organization's ongoing activities, the amount has been included in the general fund and recognized as revenue during the year.

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### 13. RESTRICTED FUNDS

As at year-end, the restricted fund includes the following balances:

- Capital Fund \$14,663,520
- Zakat Fund \$41,641

During the year, management conducted a review of the organization's fund balances and identified that certain funds received in prior periods, which were intended for the construction of a new center, had been allocated to the General Fund rather than the Capital Fund. These funds were determined to be directly related to capital purposes.

*(continues)*

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# HALTON ISLAMIC ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2024

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### 13. RESTRICTED FUNDS *(continued)*

As a result, management has internally restricted these amounts and approved the reallocation of \$7,066,796 from the General Fund to the Capital Fund to better reflect their intended use. This reallocation has been presented as an interfund transfer and is disclosed in the Statement of Changes in Net Assets. This internal restriction does not represent an external restriction imposed by donors but reflects management's intent to use these funds for capital-related expenditures of the new centre only.

This transfer has no impact on the overall net assets of the organization, as it represents a reclassification within net assets rather than a change in total resources available to the organization.

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### 14. 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, 2024.

#### Credit risk

Credit risk arises from the potential that a counterparty will fail to meet its financial obligations. The organization is not exposed to credit risk, as it does not engage in the sale of goods or services and therefore does not have customers or trade receivables. The organization's revenues are primarily derived from funds, donations and grants, which are typically received from reputable donors and funding agencies. There has been no significant change in the organization's exposure to credit risk from the prior year.

#### Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting its obligations associated with financial liabilities as they come due. The organization is exposed to liquidity risk primarily through its accounts payable and accrued liabilities, as well as interest-free loans (Qard-e-Hasna) that are repayable within the next fiscal year. The organization manages this risk by maintaining appropriate budgeting and cash flow management and by monitoring the timing of funding receipts from donors and other sources. There has been no significant change in the organization's exposure to liquidity risk from the prior year.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is not exposed to market risk.

#### 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 exposed to foreign currency exchange risk on cash only held in U.S. dollars. The organization does not use derivative instruments to reduce its exposure to foreign currency risk.

As at year end the organization have cash balance denominated in denominated in foreign currency \$45,069 (2023 - \$ 41,501).

The US exchange rate as at year end was CAD\$1.44 : USD\$1 (CAD\$1.32 : USD\$1 for 2023). There has been no change in the risk assessment from the prior year.

#### 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 not exposed to credit risk. There has been no change in the risk assessment from prior year.

*(continues)*

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# HALTON ISLAMIC ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2024

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### 14. 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.

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### 15. COMPARATIVE FIGURES

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

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