

SAKEENAH HOMES

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Sakeenah Homes

Qualified Opinion

We have audited the financial statements of Sakeenah Homes, which comprise the statement of financial position as at December 31, 2020, and the statements of operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Sakeenah Homes as at December 31, 2020 and the results of its operations and its 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 donations and 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, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020, current assets as at December 31, 2020, and net assets as at January 1 and December 31 for both the 2020 and 2019 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. Basis for qualified conclusion independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 Canadian accounting standards for not-for-profit organizations, 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.

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Woodbridge, Ontario
November 15, 2021

AGT Partners LLP

AGT Partners LLP
Licensed Public Accountants

SAKEENAH HOMES

Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
Current		
Cash	\$ 1,090,140	\$ 300,614
Donations receivable	5,104	-
Prepaid expenses	25,397	4,322
	1,120,641	304,936
Furniture and equipment (Note 4)	8,407	2,726
	\$ 1,129,048	\$ 307,662
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 24,376	\$ 20,332
Deferred grant (Note 5)	108,557	-
Deferred contributions (Note 6)	518,237	229,492
	651,170	249,824
Deferred revenue related to capital assets (Note 7)	5,898	2,726
	657,068	252,550
NET ASSETS		
General Fund	471,980	55,112
	\$ 1,129,048	\$ 307,662

ON BEHALF OF THE BOARD

Director

Director

SAKEENAH HOMES

Statement of Operations and Net Assets
Year ended December 31, 2020

	2020	2019
Revenues		
Donations - unrestricted funds	\$ 264,622	\$ 98,758
Fundraising	-	20,100
Private grants	300,078	-
Donations - restricted funds	184,384	83,480
	<hr/> 749,084	<hr/> 202,338
Expenditures		
Advertising and promotion	12,927	1,869
Amortization	358	-
Amortization of deferred charges	1,343	389
Repairs and maintenance	3,520	200
Insurance	2,304	2,133
Interest and bank charges	7,253	2,385
Management fees	51,313	33,900
Program and event costs	1,212	18,621
Restricted funds distributed (Note 8)	183,041	83,090
Office and general	2,286	125
Office salaries	10,064	-
Professional fees	11,312	5,536
Office rent	23,963	4,000
Subcontract	18,065	4,196
Telephone and internet	622	580
Travel and automotive	2,633	837
	<hr/> 332,216	<hr/> 157,861
Excess of revenues over expenditures for the year	416,868	44,477
Net Assets - beginning of year	55,112	10,635
Net Assets - end of year	<hr/> \$ 471,980	<hr/> \$ 55,112

(The accompanying notes are an integral part of these financial statements)

SAKEENAH HOMES

Statement of Cash Flows

December 31, 2020

	2020	2019
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 416,868	\$ 44,477
Adjustments for		
Amortization	358	-
Amortization of deferred charges	1,343	390
Restricted contributions	(1,343)	(390)
	417,226	44,477
Change in non-cash working capital items		
Donations receivable	(5,104)	-
Prepaid expenses	(21,075)	(1,100)
Accounts payable and accrued liabilities	4,045	2,835
Deferred grant	108,557	-
Deferred contributions	288,745	183,078
Net Cash provided by operating activities	792,394	229,290
Cash flows from investing activity		
Purchase of furniture and equipment	(7,383)	(3,116)
Cash flows from financing activity		
Deferred revenue related to capital assets	4,515	3,116
Increase in cash	789,526	229,290
Cash - beginning of year	300,614	71,324
Cash - end of year	\$ 1,090,140	\$ 300,614

SAKEENAH HOMES

Notes to the Financial Statements
December 31, 2020

1. Nature of Operations

Sakeenah Homes was incorporated under the Business Corporations Act of Canada without share capital on January 9, 2018. The Organization's purpose is to assist those affected by spousal abuse through counselling and treatment programs. It also provides affordable and secure housing for women who have been emotionally, and physically abused and their children.

Sakeenah Homes is a registered Canadian Charitable Organization under the Income Tax Act and exempt from income taxes. Sakeenah Homes obtained its charitable status on January 1, 2019.

2. Summary Of Significant Accounting Policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

(a) *Revenue recognition*

The Organization 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of furniture and equipment that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired furniture and equipment. Externally restricted contributions for the purchase of furniture and equipment that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

Grants revenue are accounted for using the deferral method. They are accrued when reasonable assurance exists regarding the amount to be received. Based upon the nature of the grants they are accounted for as revenue or capital.

Fundraising revenue is recognized when the events are complete and when cash is received.

(b) *Contributed services*

Directors and volunteers contribute a significant amount of time each year in carrying out the Organization's activities, however, the value of volunteer time is not recognized in these financial statements as fair market value cannot be reasonably determined.

SAKEENAH HOMES

Notes to the Financial Statements
December 31, 2020

2. Summary Of Significant Accounting Policies, continued

(c) *Furniture and equipment*

Furniture and equipment are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the furniture and equipment over their estimated useful lives. The annual amortization rate is as follows:

Furniture and equipment	4 years
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(d) *Financial instruments*

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost includes cash. Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

(e) *Financial asset impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write-down reflects the difference between the carrying amount and the higher of:

- i) The present value of the future cash flows expected to be generated by the asset or group of assets, discounted using a current market rate of interest;
- ii) The amount that could be realized by selling the asset or group of assets;
- iii) The net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(f) *Accounting estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

SAKEENAH HOMES

Notes to the Financial Statements
December 31, 2020

2. Summary Of Significant Accounting Policies, continued

(g) Leases

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Organization are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is amortized on the same basis as described above. Payments under operating leases are expensed as incurred.

3. Restricted Cash

Cash consists of restricted and unrestricted cash collected on an ongoing basis. Restricted funds received for specified expenditures which have not been fully incurred. These funds are not used for general operations other than certain defined directly related expenses as mandated by the Board.

4. Furniture and Equipment

	2020		2019	
	Cost	Accumulated amortization	Net	Net
Furniture and equipment	\$ 10,140	\$ 1,733	\$ 8,407	\$ 2,726

5. Deferred Grant

	2020	2019
Community Foundations of Canada	\$ 108,557	\$ -

6. Deferred Contributions

	Balance, beginning of year	Received	Recognized	Balance, end of year
Zakat Fund	\$ 201,990	\$ 471,741	\$ (183,041)	\$ 490,690
Youth Project	27,502	45	-	27,547
	\$ 229,492	\$ 471,786	\$ (183,041)	\$ 518,237

SAKEENAH HOMES

Notes to the Financial Statements
December 31, 2020

7. Deferred Revenue Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized amount of donations received and used for the purchase of capital assets. The changes in the deferred contributions balance for the year are as follows:

	Balance, beginning of year	Received	Recognized	Balance, end of year
Deferred Capital Contributions	\$ 2,726	\$ 4,515	\$ (1,343)	\$ 5,898
	\$ 2,726	\$ 4,515	\$ (1,343)	\$ 5,898

8. Restricted Funds Expenditure

The Organization received restricted funds which are used for operating the facilities related to the women and children the Organization helps. The following is the breakdown of these restricted funds disbursed during the year.

	2020	2019
Subcontract	\$ 86,209	\$ 16,659
Rent	67,542	52,600
Food and household supplies	9,525	3,030
Utilities	5,515	5,924
Repairs and maintenance	5,120	305
Merchant fees	4,608	2,968
Telephone and internet	2,021	-
Travel	1,447	1,604
Insurance	1,054	-
	\$ 183,041	\$ 83,090

9. Lease Commitments

The Organization's total commitments, under various lease agreements for rental properties are as follows:

2021	\$ 147,354
2022	100,334
2023	37,874
	\$ 285,562

SAKEENAH HOMES

Notes to the Financial Statements
December 31, 2020

10. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Organization's operations.

The extent of the impact of this outbreak and related containment measures on the Organization's operations cannot be reliably estimated at this time.