



AHMADIYYA
MUSLIM JAMA'AT

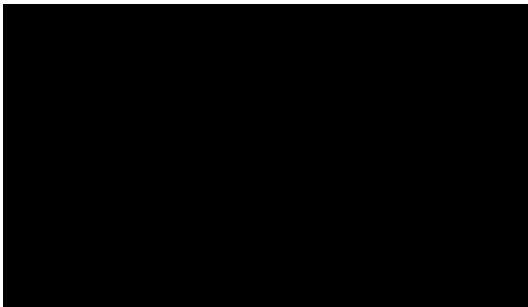
Canada

Financial Statements of

Ahmadiyya Muslim Jama'at Canada Inc.

And Independent Auditor's Report thereon

Year ended June 30, 2020



**To the Members of
Ahmadiyya Muslim Jama'at Canada Inc.**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Ahmadiyya Muslim Jama'at Canada Inc., which comprise the statement of financial position as at June 30, 2020, and the statements of changes in net assets, operations 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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, we were 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 years ended June 30, 2020 and 2019, current assets as at June 30, 2020 and 2019, and net assets as at July 1 and June 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended June 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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. We are 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

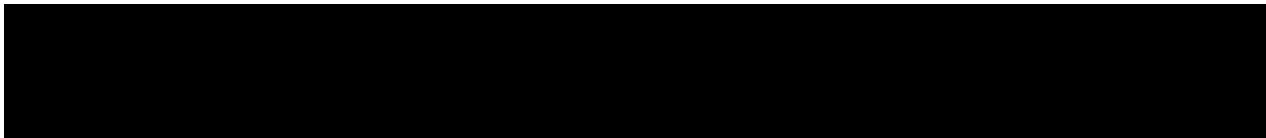
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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.

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



INDEPENDENT AUDITOR'S REPORT — continued

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.

[REDACTED]

Chartered Professional Accountants
Licensed Public Accountants

Ahmadiyya Muslim Jama'at Canada Inc.*(a charitable organization)***STATEMENT OF FINANCIAL POSITION**

June 30, 2020, with comparative information for 2019

	2020	2019
Assets		restated (note 19)
Current		
Cash and cash equivalents (note 2)	\$ 10,743,959	\$ 3,338,667
Loans receivable	43,342	139,962
Inventory (note 3)	746,800	776,335
Receivable from ██████████ (note 4)	896,154	2,486,809
Loan receivable from ██████████ (note 5)	1,018,930	486,131
Government remittances receivable	363,547	536,588
Expenditure advances	1,259,886	1,101,737
Prepaid expenses	548,167	1,726,924
	<u>15,620,785</u>	<u>10,593,153</u>
Capital Assets		
Mosques (note 6)	69,243,240	67,999,066
Mission houses (note 7)	10,853,348	11,223,893
Residences (note 8)	7,015,968	3,648,599
Undeveloped land	2,315,450	2,315,450
Properties held in trust (note 9)	1,525,619	1,452,290
Other capital assets (note 10)	1,423,833	1,196,194
	<u>92,377,458</u>	<u>87,835,492</u>
	<u>\$ 107,998,243</u>	<u>\$ 98,428,645</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 1,034,062	\$ 1,341,575
Current portion of long-term debt (note 11 and 12)	108,378	99,189
	<u>1,142,440</u>	<u>1,440,764</u>
Long-term		
Obligations under capital Lease (note 11)	244,674	336,964
Mortgage loan (note 12)	582,000	-
Deferred capital contributions (note 13)	67,041,911	62,744,101
Deferred capital contributions on undeveloped land (note 13)	3,620,122	3,619,970
	<u>71,488,707</u>	<u>66,701,035</u>
	<u>72,631,147</u>	<u>68,141,799</u>
Net assets		
National restricted funds	1,139,196	1,139,196
Auxiliaries	7,255,083	5,358,664
Unrestricted	26,972,817	23,788,986
	<u>35,367,096</u>	<u>30,286,846</u>
	<u>\$ 107,998,243</u>	<u>\$ 98,428,645</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director_____
Director

Ahmadiyya Muslim Jama'at Canada Inc.*(a charitable organization)***STATEMENT OF CHANGES IN NET ASSETS**

June 30, 2020, with comparative information for 2019

	National Restricted Funds	Auxiliaries	Unrestricted	Total 2020	Total 2019 restated (note 19)
Net assets, beginning of year					
- As previously stated	\$ 1,139,196	\$ 5,358,664	\$ 23,641,420	\$ 30,139,280	\$ 26,567,595
- Correction of error related to inventory (note 19)	-	-	147,566	\$ 147,566	-
- Restated	\$ 1,139,196	\$ 5,358,664	\$ 23,788,986	\$ 30,286,846	\$ 26,567,595
- Excess of revenues over expenses	-	1,896,419	3,183,831	5,080,250	3,719,251
Net assets, end of year	\$ 1,139,196	\$ 7,255,083	\$ 26,972,817	\$ 35,367,096	\$ 30,286,846

See accompanying notes to financial statements.

Ahmadiyya Muslim Jama'at Canada Inc.*(a charitable organization)***STATEMENT OF OPERATIONS**

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
		restated (note 19)
Revenues		
Operations (note 14)	\$ 20,704,331	\$ 18,039,796
Auxiliaries	3,133,546	3,050,232
Amortization of deferred capital contributions	2,075,870	1,934,856
	<u>25,913,747</u>	<u>23,024,884</u>
Expenses		
Wages and benefits	3,510,174	3,100,512
Property expenses	2,400,105	1,840,468
Rent, rates and taxes	2,393,414	1,944,612
██████████	1,346,113	1,371,010
Auxiliary organization expenses	1,237,127	1,603,327
Management and professional fees (note 4)	1,187,382	1,338,600
Utilities	1,093,795	960,311
Hospitality	713,647	803,162
Travelling and meetings	618,875	680,410
Donation expenses	613,842	204,438
Literature	569,512	507,915
Miscellaneous	423,778	498,665
Vehicle repair and maintenance	391,202	436,766
Postage, telephone and faxes	336,221	326,087
Medical and educational aid	198,531	202,437
Printing and stationary	198,242	151,176
██████████	194,394	119,551
Computer and audio/video	115,915	118,887
Bank charges	47,312	39,167
	<u>17,589,581</u>	<u>16,247,501</u>
Operating Income before Amortization	8,324,166	6,777,383
Amortization	3,243,916	3,058,132
Excess of Revenues over Expenses	\$ 5,080,250	\$ 3,719,251

See accompanying notes to financial statements.

Ahmadiyya Muslim Jama'at Canada Inc.*(a charitable organization)***STATEMENT OF CASH FLOWS**

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Cash and cash equivalents were provided by (used in):		restated (note 19)
Operating activities:		
Excess of revenues over expenses	\$ 5,080,250	\$ 3,719,251
Amortization of capital assets	3,243,916	3,058,132
Amortization of deferred capital	(2,075,870)	(1,934,856)
	6,248,296	4,842,527
Changes in non-cash working capital		
Decrease (increase) in expenditure advances	(158,149)	758,243
(Increase) decrease in inventory	29,535	(236,014)
Decrease (increase) in HST receivable	173,041	248,858
Increase in prepaid expenses	1,178,757	(758,291)
(Decrease) increase in accounts payable & accrued liabilities	(307,513)	(2,698,778)
Increase (decrease) in government remittances payable	-	131,854
	915,671	(2,554,128)
	7,163,967	2,288,399
Investing activities:		
Purchase of mosques	(3,274,040)	(4,730,605)
Purchase of mission houses	(34,195)	(9,801)
Purchase of residences	(3,571,667)	(202,338)
Purchase of properties held in trust	(158,384)	-
Purchase of other capital assets	(747,596)	(750,426)
	(7,785,882)	(5,693,170)
Financing activities:		
Decrease in loans receivable	96,620	8,030
Decrease in donations recoverable from ██████████	1,590,655	192,151
Increase in loan receivable - ██████████	(532,799)	(105,845)
Proceeds from long-term debt	600,000	535,362
Repayment of long-term debt	(101,101)	(99,209)
Increase in loan payable ██████████	-	-
Increase in deferred capital contributions	6,373,832	3,812,868
	8,027,207	4,343,357
Increase (decrease) in cash	7,405,292	938,586
Cash and cash equivalents, beginning of year	3,338,667	2,400,081
Cash and cash equivalents, end of year (note 2)	\$ 10,743,959	\$ 3,338,667

See accompanying notes to financial statements.

Ahmadiyya Muslim Jama'at Canada Inc.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

Ahmadiyya Muslim Jama'at Canada Inc. is registered federally as a not-for-profit charitable organization without share capital and is exempt from income taxes under Section 149 of the Income Tax Act of Canada.

The objectives of the charity are:

- I. Advancement of Islamic faith, for greater certainty, the Islamic faith as expounded by Hadrat Mirza Ghulam Ahmad of Qadian, the Promised Messiah, Mahdi and founder of Ahmadiyya Muslim Jama'at, and interpreted by his successors known as "Khalifatul Masih". (presently Hadrat Mirza Masroor Ahmad, Khalifatul Masih V);
- II. Training and engagement of Muslim Missionaries to preach Holy Quran and the fundamental principle that Islam is religion of peace and that no compulsion is permissible in its acceptance or propagation;
- III. Advancement of religious and secular education and research; and
- IV. Relief of those in financial need, hardship or distress, sick or poor in health, including but not limited to relief and assistance of people in any part of the world who are the victims of war or other conflicts, natural disaster, trouble or catastrophe.

1. Significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations.

Revenue recognition

- I. The organization uses the deferred method in accounting for contributions. Accordingly, contributions subject to externally imposed restrictions are initially recorded as deferred revenue and are subsequently recognized as revenue in the period in which the related expenses are incurred.
- II. Donated goods and services are not recorded in accounts of the organizations except when a fair value of such goods and services can be reasonably estimated and when the goods and services are normally purchased by the organization and would be paid for if not donated. Volunteer contribute significant amounts of time to assist the organization in carrying out in service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these statements.
- III. Charitable donations in kind are recorded in the financial statements if donation receipts are issued and fair value of the donations can be reasonably determined.

Ahmadiyya Muslim Jama'at Canada Inc.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

1. Significant accounting policies (continued)

- IV. Deferred capital contributions are being amortized into income using the same basis as underlying capital assets:

Constructed buildings	Straight -line basis over 40 years
Purchased buildings	Straight line basis over 25 years
Land	No amortization

Financial instruments

AMJC Inc.'s initially measures all of its financial assets and liabilities at fair value. It subsequently measures all of its financial assets and liabilities at amortized cost, with the exception of temporary investments which are measured at fair value. Changes in fair value are recognized in the excess (deficiency) of revenue over expenses in the applicable funds.

Financial assets measured at amortized cost include cash and receivables. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long-term debt.

Other than temporary investments, AMJC Inc., has no financial assets measured at fair value has not elected to carry any other financial asset and liability at fair value.

Cash and Cash Equivalents

Cash and cash equivalents include internally restricted and unrestricted cash and cash equivalents. In accordance with the investments policy approved by the board of directors, Cash and cash equivalents are held in highly liquid investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Capital Assets

Capital assets are recorded at cost when purchased and are subsequently measured at cost less accumulated amortization. They are amortized over their estimated useful lives at the following rates and basis:

Constructed buildings	Straight-line basis over 40 years
Purchased buildings	Straight-line basis over 25 years
Land	No amortization
Portables and greenhouses	Straight-line basis over 10 years
Leasehold Improvements	Straight-line basis over 05 years
Vehicles	Declining balance at 30%
Building equipment	Declining balance at 30%
Office equipment	Declining balance at 30%
Furniture and fixtures	Declining balance at 20%

Ahmadiyya Muslim Jama'at Canada Inc.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

1. Significant accounting policies (continued)

Impairment of long-lived assets

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in excess (deficiency) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

Use of estimates

The preparation of financial statement in accordance with the Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Significant estimates include assumptions used in estimating the recoverability of project expenditures and the determination of the allowances for doubtful contributions receivable from donors, allowances for doubtful amounts receivables, the useful life of capital assets, the fair value of investments, the amount of certain accrued liabilities and the fair value of contributions in kind. Actual results could differ from management's best estimates as additional information becomes available in the future.

Receivable from [REDACTED]

[REDACTED] collects donations on behalf of Ahmadiyya Muslim Jama'at Canada Inc. These donations are expected to be collected within 90 days. [REDACTED] is an independent entity that is the agent for donations made to Ahmadiyya Muslim Jama'at Canada Inc. The amount receivable at June 30, 2020 was received within 90 days of the year end.

Loans receivable

Loans receivable include amounts loaned to community members for various purposes. The organization provides a bad debt provision for 75% of loans receivable over 5 years and 50% of loans receivable between 1 and 4 years old.

Inventory

Books inventory

Books inventory is valued at the lower of cost and net realizable value. The organization estimates net realizable value as the amount inventory is expected to be sold less costs to make the sale. As the organization is not in the business of profiting from book sales, many books are sold for less than market value to improve the cultural awareness in the community.

Unsold cemetery inventory

Cemetery lots are valued using historical costs. Value of each lot is determined by dividing number of lots contracted to be procured with the total value of the contract inclusive of non-recoverable HST.

Ahmadiyya Muslim Jama'at Canada Inc.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

1. Significant accounting policies (continued)

Prepaid expenses

Prepaid expenses include administrative costs paid in advance of the fiscal year to which the costs relate, such as prepaid property and liability insurance.

Expenditure advances

Expenditure advances include amounts given to the local chapters for meeting day-to-day expenses. These advances are settled and replenished regularly upon submission of expense claims.

2. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise of the following amounts

	2020	2019
Cash and bank balances	\$ 10,327,267	2,922,059
Guaranteed investment certificates	416,692	416,608
	\$ 10,743,959	3,338,667

3. Inventory

	2020	2019 restated (note 19)
Book Inventory (note 3.1)	550,644	628,769
Unsold Cemetery Lots (note 3.1)	196,156	147,566
	\$ 746,800	\$ 776,335

- 3.1 AMJC maintains book inventory primarily for its normal business needs. Books inventory is valued at the lower of cost and net realizable value.
- 3.2 AMJC facilitates its members to provide funeral services including procurement of lots. The lots were purchased by AMJC in [REDACTED], which were largely sold out to its members. As at the cut-off date of June 30, 2020, there were 70 unsold lots (2019:54 lots) costing \$196,156 (2019: \$147,566). Cemetery lots are sold and kept in the books at historical cost.

Ahmadiyya Muslim Jama'at Canada Inc.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

4. Related Party Transactions

██████████ is an independent not-for-profit organization incorporated without share capital under Federal Corporation Act on April 17, 2008. ██████████ and Ahmadiyya Muslim Jama'at Canada Inc. are both responsible to ██████████

██████████ Ahmadiyya Muslim Jama'at Canada Inc. entered into a service agreement with ██████████ dated July 1, 2008 to provide fundraising and collection services to Ahmadiyya Muslim Jama'at Canada Inc. for a management fee. These transactions are in the normal course of operations. Included in the management and professional fees expense is an amount of \$1,112,161 (2019: \$1,220,566) for services rendered by ██████████. At the fiscal year end, an amount of \$ nil (2019: \$395,500) is included in the accounts payable and accrued liabilities.

At the fiscal year end, a balance of \$ 896,154 (2019: \$2,486,809) is receivable from ██████████ for donations collected by ██████████ on behalf of Ahmadiyya Muslim Jama'at Canada Inc.

██████████ All the Ahmadiyya communities across the globe report to ██████████ on their financial and operational affairs.

Transactions, for and on behalf of ██████████ are carried out by ██████████, and vice-versa. A number of projects in Canada and in the South American States are being run by ██████████. These includes providing assistance to new immigrants, the first year expenses of new Jami'a Ahmadiyya Canada graduates, expanding footprint to Honduras, Cayman Island, Paraguay, Belize Ecuador etc. AMJC Inc., acts as conduit for meeting the funding needs of these projects. At the advice of ██████████ funds are transmitted by AMJC Inc., to these projects. During the year ended June 30, 2020, a net aggregate funds of \$1,361,230 were provided by AMJC Inc., and charged to 'Loan Receivable from ██████████' account. ██████████ transferred funds amounting to \$828,430 to AMJC Inc., in settlement of the loan account. As at June 30, 2020, a net loan receivable from ██████████ balance stood at \$1,018,931 (2019: \$486,131).

5. Loan receivable from ██████████

The loan receivable from ██████████ are unsecured, non-interest bearing with no specific terms of repayment.

6. Capital Assets - Mosques

	Cost	Accumulated amortization	2020 Net	2019 Net
Land	\$ 10,318,757	-	\$ 10,318,757	\$ 9,120,726
Buildings	73,870,470	14,945,987	58,924,483	58,878,340
	\$ 84,189,227	\$ 14,945,987	\$ 69,243,240	\$ 67,999,066

Ahmadiyya Muslim Jama'at Canada Inc.*(a charitable organization)***NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2020

7. Capital Assets - Mission Houses

	Cost	Accumulated amortization	2020 Net	2019 Net
Land	\$ 873,824	-	\$ 873,824	\$ 873,824
Buildings	13,477,684	3,498,160	9,979,524	10,350,069
	\$ 14,351,508	\$ 3,498,160	\$ 10,853,348	\$ 11,223,893

8. Capital Assets - Residences

	Cost	Accumulated amortization	2020 Net	2019 Net
Land	\$ 3,440,794	-	\$ 3,440,794	\$ 1,402,540
Buildings	5,107,474	1,532,300	3,575,174	2,246,059
	\$ 8,548,268	\$ 1,532,300	\$ 7,015,968	\$ 3,648,599

9. Capital Assets - Properties held in Trust

	Cost	Accumulated amortization	2020 Net	2019 Net
Land	\$ 421,473	-	\$ 421,473	\$ 421,473
Buildings	2,126,376	1,022,230	1,104,146	1,030,817
	\$ 2,547,849	\$ 1,022,230	\$ 1,525,619	\$ 1,452,290

10. Capital Assets - Other Capital Assets

	Cost	Accumulated amortization	2020 Net	2019 Net
Vehicles (i)	\$ 1,543,187	\$ 880,247	\$ 662,940	\$ 632,615
Leasehold improvements	282,598	56,520	226,078	-
Building equipment	522,553	391,041	131,512	139,245
Office equipment	394,791	270,868	123,923	166,693
Furniture	120,588	44,441	76,147	41,101
Fixtures	432,451	229,218	203,233	216,540
	\$ 3,296,168	\$ 1,872,335	\$ 1,423,833	\$ 1,196,194

Ahmadiyya Muslim Jama'at Canada Inc.
(a charitable organization)
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

11. Obligation under Capital Lease

	2020	2019
Vehicle finance (note 11.1)	\$ 335,052	436,153
Less: current portion of long term debt	90,378	99,189
	\$ 244,674	\$ 336,964

The expected principal repayments of debt for each of the years subsequent to June 30, 2020 are as follows:

Years	Amount
2020-21	90,378
2021-22	105,266
2022-23	95,816
2023-24	31,372
2024-25	12,220
Long-term debt	\$ 335,052

11.1 Vehicles finance bears interest from 0.00%-5.49%, payable monthly \$9,487 on account of interest and principal. The debt is secured by vehicles having carrying value of \$253,898 as of June 30, 2020. Maturity dates range from October 2021 to May 2025.

12. Mortgage Loans

	2020	2019
Mortgage loan (note 12.1)	\$ 600,000	-
Less: current portion of long term debt	18,000	-
	\$ 582,000	-

The expected principal repayments of the loan for each of the years subsequent to June 30, 2020 are as follow:

Years	Amount
2020-21	18,000
2021-22	24,000
2022-23	24,000
2023-24	24,000
2024-25	24,000
Subsequently	486,000
Long-term debt	\$ 600,000

12.1 Mortgage finance bears interest of 3.12% [REDACTED] payable average monthly installment of \$3,530 on account of interest and principal. The debt is secured by the residential property, [REDACTED], having carrying value of \$752,968 as of June 30, 2020. Maturity date of the loan is September 2045.

Ahmadiyya Muslim Jama'at Canada Inc.
(a charitable organization)
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

13. Deferred Capital Contributions

	2020	2019
Balance - Beginning of year	\$ 66,364,071	\$ 64,487,234
Contributions received during the year	6,373,832	3,811,693
Amortization of deferred capital contributions	(2,075,870)	(1,934,856)
Balance - End of year	\$ 70,662,033	\$ 66,364,071
Represented by:		
Deferred capital contributions	67,041,911	62,744,101
Deferred capital contributions on undeveloped land	3,620,122	3,619,970
	\$ 70,662,033	\$ 66,364,071

Deferred capital contributions represent the unamortized amount of contributions made by members of AMJC for the purchase of capital assets.

14. Government grants

Included in revenue are amounts that AMJC receives as wage subsidies from Employment and Social Development Canada (ESDC) under the Student Work Placement Program to provide post-secondary students paid work experience related to their field of study. The amount received in the current year is \$396,803 (2019: \$322,297).

15. Letters of Guarantee

The organization has guaranteed the following letters of guarantee:

Corporation of the City of Delta, BC	\$ 11,173
Corporation of the City of Vaughan, ON	\$ 194,926
Corporation of the City of Brampton, ON	\$ 305,000

16. Revolving Demand Credit Facility

AMJC Inc., has a revolving demand credit facility (the facility) to a maximum of \$ 3.5 million to finance various construction projects bearing interest at prime rate plus 0.25% per annum. As at June 30, 2020, \$ NIL (2019 - \$ NIL) was drawn under this facility. The facility is fully secured against continuing collateral mortgage, representing a first charge on real estate property located at [REDACTED] and legally described as [REDACTED] in the principal amount of CAD \$ 5.0 million, beneficially owned by [REDACTED] and registered in the name of AMJC Inc.

Ahmadiyya Muslim Jama'at Canada Inc.

(a charitable organization)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

17. Lease Commitments

AMJC Inc's., total lease commitments under vehicles and property lease agreements, exclusive of occupancy costs, are as under:

Years	Amount
2021	\$ 179,911
2022	61,162
2023	29,796
2024	26,406
2025	-
	\$ 297,275

18. Financial Instruments:

AMJC Inc., is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the reporting date of June 30, 2020.

a) Liquidity Risk

Liquidity risk is a risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The organization is exposed to liquidity risk arising primarily from the requirement to pay its payables and long term debts. The organization's ability to meet these obligations depends on the receipt of funds from its operations, which it monitors closely.

b) Market Risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: currency risk, interest rate risk and other price risk. AMJC Inc., is mainly exposed to interest rate risk.

c) Interest Rate Risk

Interest rate risk refers to adverse consequences of interest rate changes on AMJC Inc., cash flows, financial position, investment income and interest expenses. AMJC Inc's., fixed income investments, mortgage loan and obligations under capital lease are exposed to interest rate changes. The impact of adverse changes in rates is not considered material.

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d) Credit Risk

Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum credit exposure of AMJC Inc., is represented by the fair value of loan receivables and government remittances as presented in the statement of financial position.

19. Correction of errors

During the year ended June 30, 2020, AMJC determined that, in the financial statements for the year ended June 30, 2019, it had not presented inventory of 54 cemetery lots held for sale. The cost of these lots of \$147,566 was charged to expense under the head 'property expenses'. To correct the error, AMJC has restated the statement of financial position to reflect cost of these unsold cemetery lots as 'inventory'.

	As previously reported	Increase (decrease)	Restated
Inventory	\$ 628,769	\$ 147,566	776,335
Property expenses	1,988,034	(147,566)	1,840,468
Unrestricted net assets, beginning of year	23,641,420	147,566	23,788,986
Excess of revenues over expenses	3,571,685	147,566	3,719,251
(Increase) decrease in inventory (cash flow)	(88,448)	(147,566)	(236,014)

20. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings, except to the extent mentioned in note 19 above.