

TORONTO MAHAVIHARA SOCIETY
FINANCIAL STATEMENTS
DECEMBER 31, 2016

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- INDEPENDENT AUDITOR'S REPORT -

To the Board of Directors of
TORONTO MAHAVIHARA SOCIETY

We have audited the accompanying financial statements of TORONTO MAHAVIHARA SOCIETY, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

- INDEPENDENT AUDITOR'S REPORT -, continued

Basis for Qualified Opinion

In common with many charitable organizations, the society derives revenue from donations and offerings, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the society and we were not able to determine whether any adjustments might be necessary to donations and offerings, excess of revenues over expenditures, fund balances and cash flows from operations for the year ended December 31, 2016.

Investment in subsidiary disclosed in note 6 was neither audited nor reviewed.

We were appointed as auditors to audit the financial statements for the year ended December 31, 2015 and therefore, opening balances prior to December 31, 2015 were neither audited nor reviewed.

Qualified Opinion

Except as noted in the basis for qualified opinion paragraphs, in our opinion, these financial statements present fairly, in all material respects, the financial position of the society as at December 31, 2016 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.

Alphonse & Associates

Toronto, Ontario
December 27, 2017

Chartered Professional Accountants
Licensed Public Accountants



**TORONTO MAHAVIHARA SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31**

2016 2015

ASSETS

CURRENT ASSETS

Cash	\$ 175,266	\$ 138,841
Short term investments (note 3)	235,397	10,091
Prepaid expenses	10,895	460
Harmonized sales tax receivable	9,075	6,207

430,633 155,599

CAPITAL ASSETS (note 4)

1,092,167 1,059,309

\$ 1,522,800 \$ 1,214,908

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 18,037	\$ 2,391
Deferred contributions (note 3)	10,091	10,091
Bollagala scholarship fund (note 5)	1,250	1,250

29,378 13,732

GENERAL FUND

1,215,343 1,201,176

AVASA BUILDING FUND

278,079 -

1,493,422 1,201,176

\$ 1,522,800 \$ 1,214,908

On behalf of the board



President



Treasurer

See accompanying notes



TORONTO MAHAVIHARA SOCIETY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31

	2016	2015
REVENUES		
Contributions	\$ 102,996	\$ 110,425
Proposed avasa building contributions (note 8)	282,144	-
	<u>385,140</u>	<u>110,425</u>
EXPENDITURES		
Amortization	32,797	34,870
Donations	15,163	14,909
Utilities	13,239	12,078
Travel and automotive	6,635	3,865
Sunday school	4,224	1,866
Office	4,388	1,736
Fund raising expenses	3,743	-
Insurance	2,760	2,552
Professional fees	2,628	2,599
Repairs and maintenance	2,337	25,035
Internet and cable	1,349	1,166
Communications	1,342	1,258
Monks' reimbursement	1,313	621
Religious events	976	480
	<u>92,894</u>	<u>103,035</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 292,246</u>	<u>\$ 7,390</u>

See accompanying notes



**TORONTO MAHAVIHARA SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31 2016**

	General Fund	Avasa Building Fund	Total 2016	Total 2015
NET ASSETS, BEGINNING OF YEAR	\$ 1,201,176	\$ -	\$ 1,201,176	\$ 1,193,786
Excess of revenues over expenditures	14,167	278,079	292,246	7,390
NET ASSETS, END OF YEAR	<u>\$ 1,215,343</u>	<u>\$ 278,079</u>	<u>\$ 1,493,422</u>	<u>\$ 1,201,176</u>

See accompanying notes



**TORONTO MAHAVIHARA SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31**

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenditure	\$ 292,246	\$ 7,390
Adjustment for Amortization	<u>32,797</u>	<u>34,870</u>
	325,043	42,260
Change in non-cash working capital items		
Increase in short term investments	(225,306)	(91)
(Increase) decrease in prepaid expenses	(10,435)	1,544
Increase in accounts payable and accrued liabilities	15,647	757
Increase in deferred contributions	-	91
Decrease in Bollagala scholarship fund	-	(2,000)
(Increase) in harmonized sales tax receivable	<u>(2,868)</u>	<u>(2,186)</u>
	102,081	40,375
INVESTING ACTIVITY		
Purchase of capital assets	<u>(65,656)</u>	-
INCREASE IN CASH	36,425	40,375
CASH, BEGINNING OF YEAR	<u>138,841</u>	<u>98,466</u>
CASH, END OF YEAR	<u>\$ 175,266</u>	<u>\$ 138,841</u>

See accompanying notes



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

1. NATURE OF OPERATIONS

TORONTO MAHAVIHARA SOCIETY ("the society") was incorporated without share capital on July 25, 1978 under letters of patent in the Province of Ontario.

The mission of the society is to serve the religious needs of the Buddhist population in Canada, provide a meditation centre, provide a cultural centre for the Sri Lankans, serve as a centre for management of disaster donations, serve as a study centre for Buddhism in Canada, provide Buddhist counselling and mental healing facilities, available for visiting lecturers and teachers who are practicing Buddhism, publish literature on Buddhism and provide training facilities for interested persons of Buddhist lay and monastic life.

The society operates the Buddhist temple at 4698 Kingston Road, Scarborough, Ontario, M1E 2P9.

The society is a registered charitable organization and is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Part III of the CPA Canada Handbook, Accounting Standards for Not-for-Profit Organizations ("NPO"). The presentations and disclosures included in the financial statements reflect the presentation and disclosure requirements of NPO.

(a) Revenue recognition

The society follows the restricted fund method of accounting for collections and contributions. Unrestricted contributions and collections are recognized as revenue of the general fund in the year received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Restricted contributions are recognized in the fund to which they are restricted in the accounting period during which they are received. Restricted contributions of future periods are deferred and recognized as revenue in the same period as the related expenses are recognized.



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Fund accounting

The accounts of the society are maintained in accordance with the principles of fund accounting and accordingly, the resources are classified for accounting and reporting purposes into funds determined by the purpose for which those funds are held as follows:

General fund includes revenue sources received from offerings and donations, programs, and investments less day to day expenditures.

Restricted funds comprises of the revenue, expenses and resources of two restricted funds namely, emergency fund and building fund, for the specified purpose of the society.

(c) Capital assets

Capital assets are recorded at cost. The society provides for amortization using the straight line balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Paving	12.5 years Straight-line
Security camera	5 years Straight-line
Furniture and fixtures	5 years Straight-line
Buildings	50 and 20 years Straight-line
Gates and fence	12.5 years Straight-line
Equipment	5 years Straight-line



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Financial instruments

The society initially measures its financial assets and liabilities at fair value and subsequently measures them at amortized cost.

Financial assets which are measured at amortized cost include cash, short term investments, and harmonized sales tax receivable.

Accounts payable and accrued liabilities is the only financial liability which is measured at amortized cost.

(e) Short-term investments

Short-term investments are recorded at lower of cost or fair market value.

(f) Contributed services

Volunteers contribute their time to assist the society in carrying out its activities. Because of the difficulty of determining fair value of the services, contributed services are not recognized in the financial statements.

(g) Use of estimates

The preparation of financial statements in conformity with Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial position date and the reported amounts of revenues and expenses during the year. Items subject to such estimate and assumption are amortization of capital assets and certain amounts in accounts payable and accrued liabilities. Actual results could differ from those estimates.



TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

3. SHORT TERM INVESTMENTS AND DEFERRED CONTRIBUTIONS

	<u>2016</u>
Guaranteed investment certificate (GIC) with interest rate of 2.1% per annum was matured on October 3, 2017 and it was renewed subsequently.	\$ 10,161
Cashable GICs of \$225,000 with interest rate of 0.75% will mature on November 12, 2019. Accrued interest at the year end was \$236.	<u>225,236</u>
	<u>\$ 235,397</u>

Guaranteed investment certificate (GIC) of \$10,161 with interest rate of prime less 2.1% per annum was matured on October 3, 2017 and was renewed subsequently. The society holds the GIC of \$10,091 for the renovation of Goviyapana temple in Sri Lanka. Therefore, the amount has been accounted as deferred contributions in the financial statements.

Management believes that GICs with the maturity date of November 12, 2019 will be redeemed before the maturity date to fund building operations and therefore, these have been classified as short-term investments.



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

4. CAPITAL ASSETS

			2016	2015
	Cost	Accumulated amortization	Net	Net
Buildings	\$ 1,112,350	\$ 378,248	\$ 734,102	\$ 733,536
Land	255,288	-	255,288	255,288
Gates and fence	92,437	48,061	44,376	51,770
Work in progress	38,604	-	38,604	-
Statue of Lord Buddha	18,327	-	18,327	18,327
Equipment	25,647	24,177	1,470	388
	<u>\$ 1,542,653</u>	<u>\$ 450,486</u>	<u>\$ 1,092,167</u>	<u>\$ 1,059,309</u>

5. BOLLAGALA SCHOLARSHIP FUND

	2016	2015
Opening balance	\$ 1,250	\$ 3,250
Payments	-	(2,000)
	<u>\$ 1,250</u>	<u>\$ 1,250</u>



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

6. INVESTMENT IN SUBSIDIARY

The society has a wholly owned subsidiary, Toronto Mahavihara Scholarship Foundation (the foundation) which is domiciled in Sri Lanka. The foundation was registered in Sri Lanka on May 13, 2008 and commenced operations in 2009 with a donation of \$38,000 from the society. The objective of the foundation is to provide scholarships to school children who are selected from Tsunami affected areas.

Preparation and fair presentation of the foundation's financial statements were based on Sri Lankan accounting standards for small and medium sized entities and these numbers were neither audited nor reviewed. Effects of the difference between Part III of the CPA Canada Handbook, Accounting Standards for Not-for-Profit Organizations and Sri Lankan accounting standards were not readily ascertainable.

The foundation has not been consolidated with the society's financial statements and the financial summaries of the foundation as at December 31, 2016 and for the year ended are as follows:

Statement of Financial Position	2016	2015
Total assets	\$ 40,496	\$ 38,436
Total liabilities	(88)	(48)
Accumulated funds	\$ (40,408)	\$ (38,388)
Results of operations	2016	2015
Total revenues	\$ 5,217	\$ 1,717
Total expenses	(68)	(685)
Excess of revenue over expenditures	\$ 5,149	\$ 1,032

7. FINANCIAL INSTRUMENTS

The society 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 society's risk exposure as of December 31, 2016.



TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

7. FINANCIAL INSTRUMENTS, continued

Liquidity risk

The society does have a liquidity risk in accounts payable and accrued liabilities of \$18,037 (2015 - \$2,391). Liquidity risk is the risk that the society cannot repay its obligations when they become due to its creditors. The society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains adequate donations to repay its obligations. In the opinion of management the liquidity risk exposure to the society is low. However, the amount is material.

8. NEW AVASA BUILDING

On March 15, 2015, a project to construct a residence for the monks (Avasa building) was unanimously approved at the annual general meeting. The estimated cost of the project is \$1,300,000. However, project delays due to city approval of the plan could affect, and it will increase the total cost.

The society raised a net amount of \$278,079 through fundraising events during the year and continues to grow more funds towards the project. The society will finance the project through a bank loan if there would be any deficiency of funds at the time the construction begins. The Society anticipates completing the project by April 2019.

Reconciliation of building fund is as follows:

	<u>2016</u>
Net amount generated in building fund through fund raising events	\$ 278,079
Less: preliminary construction cost	(25,641)
Less: amount due from general fund	<u>(8,902)</u>
Cash and short term deposits	<u>\$ 243,536</u>



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

9. 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 excess of revenue over expenditure.

