

**TORONTO MAHAVIHARA SOCIETY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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Alphonsus & Associates P.C.  
Chartered Professional Accountants  
Accounting • Assurance • Taxation • Business Advisory

**- 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, 2017, 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 contributions, 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, 2017.

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

We were appointed 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, 2017 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.

*Alphonus & Associates P. C.*

Toronto, Ontario  
January 2, 2019

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

**2017                      2016**

**ASSETS**

CURRENT ASSETS

Cash	\$ 229,859	\$ 175,266
Short term investments (note 3)	310,765	235,397
Prepaid expenses and deposits	5,390	10,895
Harmonized sales tax receivable	6,152	9,075

552,166                      430,633

CAPITAL ASSETS (note 4)

1,086,010                      1,092,167

\$ 1,638,176                      \$ 1,522,800

**LIABILITIES**

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 13,721	\$ 18,037
Deferred contributions (note 3)	10,230	10,091
Bollagala scholarship fund (note 5)	1,250	1,250

25,201                      29,378

GENERAL FUND

1,238,890                      1,215,343

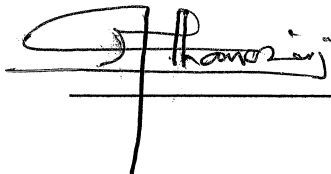
AVASA BUILDING FUND

374,085                      278,079

1,612,975                      1,493,422

\$ 1,638,176                      \$ 1,522,800

On behalf of the board



President



Treasurer

See accompanying notes



**TORONTO MAHAVIHARA SOCIETY  
STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31**

	<b>2017</b>	<b>2016</b>
<b>REVENUES</b>		
Contributions	\$ 136,639	\$ 103,231
Proposed avasa building contributions (note 8)	<b>168,004</b>	282,144
	<b>304,643</b>	<b>385,375</b>
<b>EXPENDITURES</b>		
Fund raising expenses	<b>71,999</b>	3,580
Amortization	<b>33,167</b>	32,797
Donations	<b>17,710</b>	15,163
Travel and automotive	<b>15,021</b>	6,635
Utilities	<b>12,845</b>	13,239
Repairs and maintenance	<b>9,196</b>	2,337
Professional fees	<b>7,016</b>	2,628
Office	<b>5,873</b>	4,786
Monks' reimbursement	<b>4,153</b>	1,313
Insurance	<b>2,774</b>	2,760
Communications	<b>2,584</b>	2,691
Sunday school	<b>1,792</b>	4,224
Religious events	<b>960</b>	976
	<b>185,090</b>	93,129
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 119,553</b>	<b>\$ 292,246</b>

See accompanying notes



**TORONTO MAHAVIHARA SOCIETY  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31 2017**

	General Fund	Avasa Building Fund	Total 2017	Total 2016
NET ASSETS, BEGINNING OF YEAR	\$ 1,215,343	\$ 278,079	\$ 1,493,422	\$ 1,201,176
Excess of revenues over expenditures	23,547	96,006	119,553	292,246
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,238,890</b>	<b>\$ 374,085</b>	<b>\$ 1,612,975</b>	<b>\$ 1,493,422</b>

See accompanying notes



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

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditure	\$ 119,553	\$ 292,246
Adjustment for		
· Amortization	<u>33,167</u>	32,797
	<b>152,720</b>	325,043
Change in non-cash working capital items		
Increase in short term investments	(75,368)	(225,306)
Decrease (increase) in prepaid expenses and deposits	5,505	(10,435)
(Decrease) increase in accounts payable and accrued liabilities	(4,316)	15,647
Increase in deferred contributions	139	-
(Increase) Decrease in harmonized sales tax receivable	<u>2,922</u>	(2,868)
	<b>81,602</b>	102,081
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(27,009)</u>	(65,656)
<b>INCREASE IN CASH</b>	<b>54,593</b>	36,425
<b>CASH, BEGINNING OF YEAR</b>	<u>175,266</u>	138,841
<b>CASH, END OF YEAR</b>	<u><u>\$ 229,859</u></u>	<u>\$ 175,266</u>

See accompanying notes



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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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**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.

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**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.





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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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**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:

Buildings	50 and 20 years Straight-line
Gates and fence	12.5 years Straight-line
Equipment	5 years Straight-line



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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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**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, and short term investments.

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 the useful life of capital assets and certain amounts in accounts payable and accrued liabilities. Actual results could differ from those estimates.

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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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**3. SHORT TERM INVESTMENTS AND DEFERRED CONTRIBUTIONS**

	<u>2017</u>
Guaranteed investment certificate (GIC) with interest rate of prime rate less 2.1% per annum was matured on October 2, 2018 and renewed subsequently.	\$ 10,230
Cashable GIC with interest rate of 0.65% will mature on November 17, 2020. Accrued interest at the year end was \$40.	50,040
Cashable GICs with interest rate of 1.60% will mature on November 17, 2020. Accrued interest at the year end was \$495.	<u>250,495</u>
	<u>\$ 310,765</u>

The society holds the GIC of \$10,230 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 the GICs in the total amount of \$300,000, with the maturity date of November 17, 2020 will be redeemed before the maturity date to fund the construction of the building and therefore, these have been classified as short-term investments.

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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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**4. CAPITAL ASSETS**

			<u>2017</u>	2016
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Buildings	\$ 1,134,710	\$ 403,379	\$ 731,331	\$ 734,102
Land	255,288	-	255,288	255,288
Gates and fence	92,437	55,455	36,982	44,376
Work in progress	41,799	-	41,799	38,604
Statue of Lord Buddha	18,327	-	18,327	18,327
Equipment	27,102	24,819	2,283	1,470
	<u>\$ 1,569,663</u>	<u>\$ 483,653</u>	<u>\$ 1,086,010</u>	<u>\$ 1,092,167</u>

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**5. BOLLAGALA SCHOLARSHIP FUND**

	<u>2018</u>	2017
Opening balance	\$ 1,250	\$ 1,250
Closing balance	<u>\$ 1,250</u>	<u>\$ 1,250</u>

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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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**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, 2017 and for the year ended are as follows:

<b>Statement of Financial Position</b>	<b>2017</b>	<b>2016</b>
Total assets	\$ 41,064	\$ 40,496
Accrued expenses	(123)	(88)
Accumulated funds	<u>\$ (40,941)</u>	<u>\$ (40,408)</u>
<b>Results of operations</b>	<b>2017</b>	<b>2016</b>
Total revenues	\$ 6,892	\$ 5,217
Total expenses	(3,365)	(68)
Translation loss	(164)	-
Excess of revenue over expenditures	<u>\$ 3,363</u>	<u>\$ 5,149</u>

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**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, 2017.



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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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**7. FINANCIAL INSTRUMENTS, continued**

Liquidity risk

The society does have a liquidity risk in accounts payable and accrued liabilities of \$13,721 (2016 - \$18,037). 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.

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**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 \$96,006 (2016 - \$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 starting the project by 2019.

Reconciliation of building fund is as follows:

	<u>2017</u>	<u>2016</u>
Opening Balance	\$ 243,536	\$ -
Net amount generated in building fund through fund raising events	96,006	278,079
Less: preliminary construction cost	(16,158)	(25,641)
Less: amount due to (from) general fund	<u>62,644</u>	<u>(8,902)</u>
Cash and short term deposits	<u>\$ 386,028</u>	<u>\$ 243,536</u>

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**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.

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