

**TORONTO MAHAVIHARA SOCIETY
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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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**

Qualified Opinion

We have audited the accompanying financial statements of **TORONTO MAHAVIHARA SOCIETY** (the "Society"), which comprise the statement of financial position as at December 31, 2018, and the statement of operations, statement of changes in net assets and statement of 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 possible 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 Society as at December 31, 2018, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations and contributions, 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and contributions, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years.

Our audit opinion on the financial statements for the year ended December 31, 2017 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 Society 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 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Society'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 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



- INDEPENDENT AUDITOR'S REPORT -, continued

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 Society'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 Society'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 Society 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.

Alphonso B Associates P.C.

Toronto, Ontario
November 11, 2019

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

2018 2017

ASSETS

CURRENT ASSETS

Cash	\$ 214,435	\$ 229,859
Short term investments (note 3)	442,895	310,765
Prepaid expenses and deposits	7,896	5,390
Harmonized sales tax receivable	4,829	6,152

670,055 552,166

CAPITAL ASSETS (note 4)

1,077,159 1,086,010

\$ 1,747,214 \$ 1,638,176

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 16,695	\$ 13,721
Deferred contributions (note 5)	55,395	10,230
Bollagala scholarship fund	1,250	1,250

73,340 25,201

GENERAL FUND

1,266,329 1,238,890

AVASA BUILDING FUND

407,545 374,085

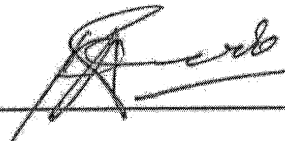
1,673,874 1,612,975

\$ 1,747,214 \$ 1,638,176

On behalf of the board



President



Treasurer

See accompanying notes



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

	2018	2017
REVENUES		
Donations and contributions	\$ 117,296	\$ 136,639
Proposed Avasa building contributions (note 8)	33,460	168,004
	150,756	304,643
EXPENDITURES		
Amortization	33,836	33,167
Repairs and maintenance	13,160	9,196
Utilities	13,006	12,845
Travel and automotive	12,936	15,021
Office	5,447	5,873
Professional fees	3,638	7,016
Insurance	2,818	2,774
Communications	1,956	2,584
Sunday school	1,538	1,792
Monks' reimbursement	1,223	4,153
Religious events	300	960
Fund raising expenses	-	71,999
Donations	-	17,710
	89,858	185,090
EXCESS OF REVENUES OVER EXPENDITURES	\$ 60,898	\$ 119,553

See accompanying notes



**TORONTO MAHAVIHARA SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31 2018**

	General Fund	Avasa Building Fund	Total 2018	Total 2017
NET ASSETS, BEGINNING OF YEAR	\$ 1,238,890	\$ 374,085	\$ 1,612,975	\$ 1,493,422
Excess of revenues over expenditures	27,438	33,460	60,898	119,553
NET ASSETS, END OF YEAR	<u>\$ 1,266,328</u>	<u>\$ 407,545</u>	<u>\$ 1,673,873</u>	<u>\$ 1,612,975</u>

See accompanying notes



TORONTO MAHAVIHARA SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenditure	\$ 60,898	\$ 119,553
Adjustment for		
Amortization	<u>33,836</u>	<u>33,167</u>
	94,734	152,720
Change in non-cash working capital items		
Increase in short term investments	(132,130)	(75,368)
(Increase) decrease in prepaid expenses and deposits	(2,506)	5,505
Increase (decrease) in accounts payable and accrued liabilities	2,974	(4,316)
Increase in deferred contributions	45,165	139
(Increase) Decrease in harmonized sales tax receivable	<u>1,323</u>	<u>2,922</u>
	9,560	81,602
INVESTING ACTIVITY		
Purchase of capital assets	<u>(24,984)</u>	<u>(27,009)</u>
(DECREASE) INCREASE IN CASH	(15,424)	54,593
CASH, BEGINNING OF YEAR	<u>229,859</u>	<u>175,266</u>
CASH, END OF YEAR	<u>\$ 214,435</u>	<u>\$ 229,859</u>

See accompanying notes



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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 as of January 1, 1979 and is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian 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 donations and contributions. Unrestricted contributions and donations 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.



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(a) Revenue recognition, continued

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.

(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.

Avasa building fund comprises of the revenue, expenses and resources of two restricted funds namely, the 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



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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. Actual results could differ from those estimates.



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

3. SHORT TERM INVESTMENTS

	<u>2018</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 1.80% will mature on November 21, 2019 and will be subsequently renewed.	400,000
Cashable GICs with interest rate of 1.80% will mature on December 19, 2019.	<u>32,665</u>
	<u>\$ 442,895</u>

The GIC of \$10,230 held for the renovation of Goviyapana temple in Sri Lanka (see note 5) was redeemed on July, 2019 to fund the renovation.

4. CAPITAL ASSETS

	<u>2018</u>		<u>2017</u>	
	Cost	Accumulated amortization	Net	Net
Buildings	\$ 1,134,710	\$ 428,510	\$ 706,200	\$ 731,331
Land	255,288	-	255,288	255,288
Gates and fence	92,437	62,850	29,587	36,982
Work in progress	66,783	-	66,783	41,799
Statue of Lord Buddha	18,327	-	18,327	18,327
Equipment	27,102	26,128	974	2,283
	<u>\$ 1,594,647</u>	<u>\$ 517,488</u>	<u>\$ 1,077,159</u>	<u>\$ 1,086,010</u>



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

5. DEFERRED CONTRIBUTIONS

The society deferred \$10,230 towards future renovations of the Goviyapana Temple in Sri Lanka and \$32,665 to support the victim of a tragic van attack. The society holds \$12,500 for the musical event to be held in 2019.

The amounts of \$10,230 and \$32,665 were held in guaranteed investment certificates (see note 3).

	<u>2018</u>	<u>2017</u>
Goviyapana Temple fund	\$ 10,230	\$ 10,230
Dyon fund	32,665	-
Musical event	12,500	-
	<u>\$ 55,395</u>	<u>\$ 10,230</u>

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 Canadian 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, 2018 and for the year ended are as follows:



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

6. INVESTMENT IN SUBSIDIARY , continued

Statement of Financial Position	2018	2017
Total assets	\$ 40,176	\$ 41,064
Accrued expenses	(75)	(123)
Accumulated funds	<u>\$ (40,101)</u>	<u>\$ (40,941)</u>
 Results of operations	 2018	 2017
Total revenues	\$ 6,513	\$ 6,892
Total expenses	(3,773)	(3,365)
Translation loss	(122)	(164)
Excess of revenue over expenditures	<u>\$ 2,618</u>	<u>\$ 3,363</u>

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, 2018.

Liquidity risk

The society does have a liquidity risk in accounts payable and accrued liabilities of \$16,695 (2017 - \$13,721). 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.



**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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 \$45,960 (2017 - \$96,006) through fundraising events during the year out of which, the society deferred \$12,500 for the musical event to be held in 2019 and thus, this amount has been accounted as deferred contribution. The society raised a net amount of \$33,460 for the current 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 2020.

Reconciliation of building fund is as follows:

	<u>2018</u>	<u>2017</u>
Opening Balance	\$ 386,028	\$ 243,536
Net amount generated in building fund through fund raising events	33,460	96,006
Less: preliminary construction cost	(24,984)	(16,158)
Less: amount due to (from) general fund	<u>62,644</u>	<u>62,644</u>
Cash and short term deposits	<u>\$ 457,148</u>	<u>\$ 386,028</u>

9. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified from those previously presented to confirm to the presentation of the 2018 financial statements.

