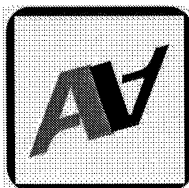


**TORONTO MAHAVIHARA SOCIETY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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**- 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, 2019, 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, 2019, 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, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years.

Our audit opinion on the financial statements for the year ended December 31, 2018 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.

**Emphasis of the Matter**

The society is not in compliance of the rules set out by Canada Revenue Agency for its charitable activities outside Canada. Further information has been disclosed in note 6 of the financial statements.

**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

## - INDEPENDENT AUDITOR'S REPORT -, continued

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 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.



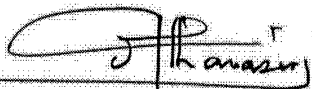
Toronto, Ontario  
April 22, 2021

Chartered Professional Accountants  
Licensed Public Accountants

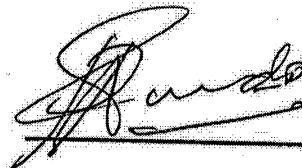
**TORONTO MAHAVIHARA SOCIETY  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 196,072	\$ 214,435
Short term investments (note 3)	500,000	442,895
Prepaid expenses and deposits	3,230	7,896
Harmonized sales tax receivable	6,650	4,829
	<u>705,952</u>	<u>670,055</u>
<b>CAPITAL ASSETS (note 4)</b>	<u>1,078,332</u>	<u>1,077,159</u>
	<u>\$ 1,784,284</u>	<u>\$ 1,747,214</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 9,612	\$ 16,695
Deferred contributions (note 5)	32,665	55,395
Bollagala scholarship fund	-	1,250
	<u>42,277</u>	<u>73,340</u>
<b>GENERAL FUND</b>	<u>1,301,401</u>	<u>1,266,329</u>
<b>AVASA BUILDING FUND</b>	<u>440,606</u>	<u>407,545</u>
	<u>1,742,007</u>	<u>1,673,874</u>
	<u>\$ 1,784,284</u>	<u>\$ 1,747,214</u>

On behalf of the board



President



Treasurer

See accompanying notes

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

	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
Donations and contributions	\$ 144,944	\$ 117,296
Proposed Avasa building contributions (note 10)	35,963	33,460
	<u>180,907</u>	<u>150,756</u>
<b>EXPENDITURES</b>		
Amortization	33,843	33,836
Utilities	16,408	13,006
Fund raising expenses	14,082	-
Travel and automotive	14,010	12,936
Repairs and maintenance	10,172	13,160
Donations	7,909	-
Office	4,748	5,447
Professional fees	3,638	3,638
Insurance	2,980	2,818
Communications	2,309	1,956
Sunday school	2,121	1,538
Religious events	300	300
Monks' reimbursement	253	1,223
	<u>112,773</u>	<u>89,858</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 68,134</u>	<u>\$ 60,898</u>

See accompanying notes

**TORONTO MAHAVIHARA SOCIETY  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31 2019**

	General Fund	Avasa Building Fund	Total 2019	Total 2018
NET ASSETS, BEGINNING OF YEAR	\$ 1,266,328	\$ 407,545	\$ 1,673,873	\$ 1,612,975
Excess of revenues over expenditures	35,073	33,061	68,134	60,898
NET ASSETS, END OF YEAR	\$ 1,301,401	\$ 440,606	\$ 1,742,007	\$ 1,673,873

See accompanying notes

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

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditure	\$ 68,134	\$ 60,898
Adjustment for Amortization	<u>33,843</u>	<u>33,836</u>
	<b>101,977</b>	<b>94,734</b>
Change in non-cash working capital items		
Increase in short term investments	(57,105)	(132,130)
Decrease (increase) in prepaid expenses and deposits	4,666	(2,506)
(Decrease) increase in accounts payable and accrued liabilities	(7,084)	2,974
(Decrease) increase in deferred contributions	(22,730)	45,165
Decrease in Bollagala scholarship fund	(1,250)	-
(Increase) Decrease in harmonized sales tax receivable	<u>(1,821)</u>	<u>1,323</u>
	<b>16,653</b>	<b>9,560</b>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(35,016)</u>	<u>(24,984)</u>
<b>DECREASE IN CASH</b>	<b>(18,363)</b>	<b>(15,424)</b>
<b>CASH, BEGINNING OF YEAR</b>	<u>214,435</u>	<u>229,859</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 196,072</u></u>	<u><u>\$ 214,435</u></u>

See accompanying notes

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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

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

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**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.



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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

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**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

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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

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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 are the only financial liabilities 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.

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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

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**3. SHORT TERM INVESTMENTS**

Guaranteed investment certificate (GIC) of \$400,000 with interest rate of 1.8% per annum was matured on November 21, 2019 and a separate GIC was subsequently purchased on December 17, 2019 that matured on December 15, 2020 and it was reinvested subsequently.

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**4. CAPITAL ASSETS**

			2019	2018
	Cost	Accumulated amortization	Net	Net
Buildings	\$ 1,168,947	\$ 453,985	\$ 714,962	\$ 706,200
Land	255,288	-	255,288	255,288
Gates and fence	92,437	70,245	22,192	29,587
Work in progress	67,563	-	67,563	66,783
Statue of Lord Buddha	18,327	-	18,327	18,327
Equipment	-	-	-	974
	<b>\$ 1,602,562</b>	<b>\$ 524,230</b>	<b>\$ 1,078,332</b>	<b>\$ 1,077,159</b>

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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

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**5. DEFERRED CONTRIBUTIONS**

The deferred contributions held for the musical event and for renovations of the Goviyapana Temple in Sri Lanka were both utilized in 2019. The society deferred \$32,665 to support the victim of a tragic van attack, this amount was later invested into a GIC on January 8, 2021.

	<u>2019</u>	<u>2018</u>
Goviyapana Temple fund	\$ -	\$ 10,230
Dyon fund	<b>32,665</b>	32,665
Musical event	-	12,500
	<u>\$ 32,665</u>	<u>\$ 55,395</u>

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**6. ACTIVITIES OUTSIDE CANADA**

As per Canada Revenue Agency (CRA), all funding activities to entities outside Canada will require a written agreement to have direction and control the use of the resources with the intermediary or funding through qualified donees. Further, CRA expects to keep records of detailed progress reports, expense receipts, financial statements, audit reports, on-site inspections by the charity's staff, etc. An exception can be made for a one-time payment activity if the amount is \$5,000 or less. However, during the year, the society paid \$7,909 to entities outside Canada to carry out its charitable activities without written agreements, which contradicts the rules set by the CRA.

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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

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**7. 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, 2019 are as follows:

<b>Statement of Financial Position</b>	<b>2019</b>	<b>2018</b>
Total assets	\$ 29,798	\$ 40,176
Accrued expenses	(82)	(75)
Accumulated funds	<u>\$ (29,716)</u>	<u>\$ (40,101)</u>
<b>Results of operations</b>	<b>2019</b>	<b>2018</b>
Total revenues	\$ 2,737	\$ 6,513
Total expenses	(2,499)	(3,773)
Translation loss	-	(122)
Excess of revenue over expenditures	<u>\$ 238</u>	<u>\$ 2,618</u>

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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

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**8. OTHER EVENT**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). This situation is constantly evolving, and the measures put in place are having multiple impacts on global, national, provincial and local economies. The overall effect of these events on the church and its other activities is too uncertain to be estimated. The impact will be accounted for when it is known and can be measured.

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**9. 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, 2019.

Liquidity risk

The society does have a liquidity risk in accounts payable and accrued liabilities of \$9,612 (2018 - \$16,695). 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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**TORONTO MAHAVIHARA SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

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**10. 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 \$33,061 (2018 - \$33,460) through fundraising events during the year, the funding has been on a decline as donors contributed heavily in the previous years. The society will finance the project through a bank loan if there would be any deficiency of funds. The project approval to construct is pending.

Reconciliation of building fund is as follows:

	<u>2019</u>	<u>2018</u>
Net Avasa building fund	\$ 440,606	\$ 407,545
Less: Total preliminary construction cost	<u>(67,563)</u>	<u>(66,783)</u>
Fund available as at December 31	<u>\$ 373,043</u>	<u>\$ 340,762</u>

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**11. COMPARATIVE FIGURES**

Certain comparative amounts have been reclassified from those previously presented to confirm to the presentation of the 2019 financial statements.

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