

**TORONTO MAHAVIHARA SOCIETY
FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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Alphonus & Associates P.C.

Chartered Professional Accountants

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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, 2020, 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, 2020, 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, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years.

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

- INDEPENDENT AUDITOR'S REPORT -, continued

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.



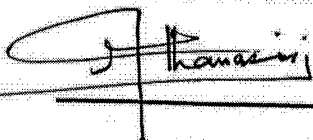
Toronto, Ontario
March 20, 2022

Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

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

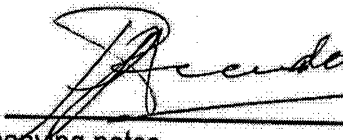
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 768,277	\$ 196,072
Short term investments	-	500,000
Prepaid expenses and deposits	28,853	3,230
Harmonized sales tax receivable	13,730	6,650
	<u>810,860</u>	<u>705,952</u>
CAPITAL ASSETS (note 3)	<u>1,064,896</u>	<u>1,078,332</u>
	<u>\$ 1,875,756</u>	<u>\$ 1,784,284</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 11,064	\$ 9,612
Deferred contributions (note 4)	32,665	32,665
Current portion of vehicle loan (note 5)	3,646	-
	<u>47,375</u>	<u>42,277</u>
VEHICLE LOAN (note 5)	<u>12,565</u>	<u>-</u>
	<u>59,940</u>	<u>42,277</u>
GENERAL FUND	1,375,210	1,301,401
AVASA BUILDING FUND	440,606	440,606
	<u>1,815,816</u>	<u>1,742,007</u>
	<u>\$ 1,875,756</u>	<u>\$ 1,784,284</u>

On behalf of the board



President

See accompanying notes



Treasurer

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

	2020	2019
REVENUES		
Donations and contributions	\$ 168,386	\$ 144,944
Proposed Avasa building contributions	-	35,963
	<u>168,386</u>	<u>180,907</u>
EXPENDITURES		
Amortization	36,369	33,843
Repairs and maintenance	21,336	10,172
Utilities	12,037	16,408
Travel and automotive	10,319	14,010
Office	4,671	4,748
Professional fees	3,747	3,638
Insurance	3,144	2,980
Communications	2,603	2,309
Monks' reimbursement	351	253
Fund raising expenses	-	14,082
Donations	-	7,909
Sunday school	-	2,121
Religious events	-	300
	<u>94,577</u>	<u>112,773</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u><u>\$ 73,809</u></u>	<u><u>\$ 68,134</u></u>

See accompanying notes

**TORONTO MAHAVIHARA SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31 2020**

	General Fund	Avasa Building Fund	Total 2020	Total 2019
NET ASSETS, BEGINNING OF YEAR	\$ 1,301,401	\$ 440,606	\$ 1,742,007	\$ 1,673,873
Excess of revenues over expenditures	73,809	-	73,809	68,134
NET ASSETS, END OF YEAR	<u>\$ 1,375,210</u>	<u>\$ 440,606</u>	<u>\$ 1,815,816</u>	<u>\$ 1,742,007</u>

See accompanying notes

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

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenditure	\$ 73,809	\$ 68,134
Adjustment for		
Amortization	36,369	33,843
	<u>110,178</u>	101,977
Change in non-cash working capital items		
Decrease (increase) in short term investments	500,000	(57,105)
(Increase) decrease in prepaid expenses and deposits	(25,623)	4,666
Increase (decrease) in accounts payable and accrued liabilities	1,452	(7,084)
Decrease in deferred contributions	-	(22,730)
Increase in current portion of vehicle loan	3,646	-
Decrease in Bollagala scholarship fund	-	(1,250)
(Increase) Decrease in harmonized sales tax receivable	(7,080)	(1,821)
	<u>582,573</u>	16,653
INVESTING ACTIVITY		
Purchase of capital assets	(22,933)	(35,016)
FINANCING ACTIVITY		
Increasing in vehicle loan	12,565	-
INCREASE (DECREASE) IN CASH	<u>572,205</u>	(18,363)
CASH, BEGINNING OF YEAR	<u>196,072</u>	214,435
CASH, END OF YEAR	<u>\$ 768,277</u>	<u>\$ 196,072</u>

See accompanying notes

**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, 2020**

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, 2020**

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.

Cash is the only financial asset which is measured at amortized cost.

Accounts payable and accrued liabilities and auto loan are the financial liabilities which are 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. Item 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, 2020**

3. CAPITAL ASSETS

			2020	2019
	Cost	Accumulated amortization	Net	Net
Buildings	\$ 1,168,947	\$ 479,801	\$ 689,146	\$ 714,962
Land	255,288	-	255,288	255,288
Gates and fence	92,437	77,639	14,798	22,192
Work in progress	69,122	-	69,122	67,563
Statue of Lord Buddha	18,327	-	18,327	18,327
Equipment	28,037	27,195	842	-
Vehicles	20,439	3,066	17,373	-
	<u>\$ 1,652,597</u>	<u>\$ 587,701</u>	<u>\$ 1,064,896</u>	<u>\$ 1,078,332</u>

4. 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.

5. VEHICLE LOAN

During the year, the society purchased a vehicle with a loan of \$16,211. The loan bears interest at 6.89% per annum, repayable by consecutive monthly blended payment of \$ 387 over a period of 48 months and the loan was secured against the vehicle.

**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

5. VEHICLE LOAN, continued

Estimated principal re-payments are as follows:

2021	\$ 3,646
2022	3,905
2023	4,183
2024	<u>4,477</u>
	<u>\$ 16,211</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, 2020 have not been reported.

Statement of Financial Position

	<u>2020</u>	<u>2019</u>
Total assets	\$ 29,922	\$ 29,798
Accrued expenses	(107)	(82)
Accumulated funds	<u>\$ 29,815</u>	<u>\$ 29,716</u>

Results of operations

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 1,806	\$ 2,737
Total expenses	(941)	(2,499)
Excess of revenue over expenditures	<u>\$ 865</u>	<u>\$ 238</u>

**TORONTO MAHAVIHARA SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

7. SIGNIFICANT 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.

8. 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, 2020.

Liquidity risk

The society does have a liquidity risk in accounts payable and accrued liabilities of \$11,064 (2019 - \$9,612). 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, 2020**

9. 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 did not raise any amount (2019 - \$33,061) through fundraising events during the year, the funding has been on a decline as donors contributed heavily in 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 the building was still pending as at the year end.

Reconciliation of building fund is as follows:

	<u>2020</u>	<u>2019</u>
Avasa building fund	\$ 440,606	\$ 440,606
Less: Total preliminary construction cost	<u>(69,122)</u>	<u>(67,563)</u>
Fund available as at December 31	<u>\$ 371,484</u>	<u>\$ 373,043</u>

10. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified from those previously presented to confirm to the presentation of the 2020 financial statements.
