Salha CPA
PROFESSIONAL CORPORATION

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Independent Practitioner's Review Engagement Report

To the Shareholder of RISALAH FOUNDATION

I have reviewed the accompanying financial statements of RISALAH FOUNDATION (the Organization) that comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory

Management's responsibilities

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Practitioner's responsibility

My responsibility is to express a conclusion based on the accompanying financial statements based on my review. I have conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate and applying analytical procedures and evaluates the evidence obtained.

The procedure in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Basis for Oualified Conclusion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to me obtaining evidence I considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019. My review conclusion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

Qualified Conclusion

Based on my review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of RISALAH FOUNDATION 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 (ASNPO).

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Other Matter

The financial statements of RISALAH FOUNDATION for the year ended December 31, 2018 were reviewed by another practitioner who expressed an unmodified conclusion on those financial statements on August 8, 2019

Mississauga, Ontario.
August 24, 2020

Chartered Professional Accountant
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

RISALAH FOUNDATION
STATEMENT OF FINANCIAL POSITION
(AUDITED)

AS AT DECEMBER 31		2019	2018 Restated
Assets			
Current assets			
Cash and bank	(Note 2)	852,834	237,477
Taxes receivable		28,969	-
		881,803	237,477
Non-current assets			
Net capital assets	(Note 3)	2,540,886	2,647,600
		2,540,886	2,647,600
Total Assets		$ 3,422,689	$ 2,885,077
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued liabilities		5,085	2,500
Loan from others		115,000	472,500
Current maturity of long term loan		84,500	129,106
		204,585	604,106
Long term liabilities			
Long term loan	(Note 4)	2,450,500	1,621,961
		2,450,500	1,621,961
Net Assets			
General Fund		767,604	659,010
		767,604	659,010
Total Liabilities and Net Assets		$ 3,422,689	$ 2,885,077

Accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Omair Syed — Director

Ramy Elhamalawy — Director

RISALAH FOUNDATION
STATEMENT OF REVENUES AND EXPENDITURES
(AUDITED)

FOR THE YEAR ENDED DECEMBER 31		2019	2018 Restated
Revenue			
	General donations	887,251	1,122,691
		887,251	1,122,691
Expenses			
	Amortization	106,714	109,760
	Automobile expenses	19,212	12,314
	Business taxes	82,465	-
	Bank service charges	10,172	1,495
	Finance charges	72,603	109,680
	Insurance	6,566	6,986
	Meals ans entertainment	7,969	6,009
	Occupancy cost	-	18,080
	Office and general expenses	35,918	66,841
	Professional fees	11,630	2,500
	Programme expenses	213,245	43,580
	Property expenses	25,932	-
	Repairs and maintenance	38,310	181,167
	Sub-contract	119,905	108,502
	Telephone and communications	3,532	4,438
	Travel and transportation	9,255	5,001
	Utilities	15,231	20,979
		778,657	697,332
Excess of revenues over expenses		$ 108,594	$ 425,359

Accompanying notes are an integral part of these financial statements.

RISALAH FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
(AUDITED)

FOR THE YEAR ENDED DECEMBER 31	2019	2018 Restated
Net Assets, beginning of year	659,010	233,651
Excess of revenue over expenses	108,594	425,359
Net Assets, end of year	$ 767,604	$ 659,010

Accompanying notes are an integral part of these financial statements.

RISALAH FOUNDATION
STATEMENT OF CASH FLOWS
(AUDITED)

FOR THE YEAR ENDED DECEMBER 31		2019		2018 Restated
Cash flows provided by				
Operating activities				
Excess / (deficiency) of revenue over expenses	$	108,594	$	425,359
Items not effecting cash				
Amortization		106,714		109,760
		215,308		535,119
Change in non-cash working capital balances				
Current liabilities and accrued expenses		2,585		2,500
GST receivable		(28,969)		
		(26,384)		2,500
Net increase in cash		188,924		537,619
Investing activities				
(Addition) / Deletion to capital assets		-		(2,744,962)
Cash flow used in Investtting activities		-		(2,744,962)
Financing activities				
Current maturity of long term loan		(44,606)		129,107
Short term loan payable		(357,500)		(114,165)
Long term loan payable		828,539		1,621,961
Cash flow used in financing activities		426,433		1,636,903
Total cash provided from all activities		615,357		(570,440)
Cash and cash equivalents, beginning of the year		237,477		807,917
Cash and cash equivalents, end of the year	$	852,834	$	237,477

Accompanying notes are an integral part of these financial statements.

Nature of business

Risalah Foundation is operationg as corporation with limited liabilities. Corporation is operating as a non profit organization.

1 Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not for-profit organizations(ASNFPO).

(a) Use of estimates

The preparation of these financial statements in accordance with Canadian generally accepted accounting principles for private enterprises requires management to make estimates and assumptions that effect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments are made to income as appropriate in the year they become known.

(b) Revenue recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonablyestimated and collection is reasonablyassured. Pledges are not recognized until received due to the uncertainty of collection.

(c) Fund accounting

Risalah Foundation follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the operating Fund. Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Organization each year, not of transfers, and are available for general purposes.

(d) Contributed services

The operations of the organization depend on both the contribution of time byvolunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

(e) Income taxes

The entity applies the tax payable method of accounting for income taxes.

(f) Cash and cash equivalents

The entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that may fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

(g) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with activelytraded markets are reported at fair value, with anyunrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized costs include cash and HST receivable.

Financial liabilities measured at amortized costs include accounts payable and accrued liabilities, and long term debts.

The organization has not designated any financial assets or liabilities to be recorded at fair value.

RISALAH FOUNDATION
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31 , 2019

(h) Goods and services tax

Goods and Services Tax on purchased materials and services, in Ontario, are recoverable at 50% of the federal portion of GST (5%) and 82% of the provincial portion of HST (8%) as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

(i) Measurement uncertainty

The preparation of financial statements in conformitywith Canadian accounting standards for not-forprofit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodicallyreviewed and anyadjustments necessaryare reported in earnings in the period in which theybecome known. Actual results could differ from these estimates. The organization makes estimates in regards to the useful lives of property, plant and equipment.

(j) Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived assets exceed their fair value.

(k) Property, plant and equipment

Property, plant and equipment isstated at cost or deemed cost less accumulated amortization. Property, plant and equipment isamortized over itsestimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	45% declining balance
Furniture & fixture	20% declining balance
Leasehold improvements	20% declining balance

All additions made during the year are amortized at 50% of the above rates. The organization regularlyreviews its property, plant and equipment to eliminate obsolete items.

Notes to financial statements

2 Cash and bank

The Organization's Cash and Deposit amounts are with TD bank and are as follows;

	2019	2018
Cash and bank	852,834	237,477

3 Capital assets:

Capital Assets are recorded at cost less amortization.

	2019					
	Cost	Addition	Accumulated Amortization	Net book value	Amortization	Net 2018
Store equipment	14,900	-	2,876	12,024	1,336	13,360
Building	2,800,000	-	271,138	2,528,862	105,378	2,634,440
	2,814,900	-	274,014	2,540,886	106,714	2,647,800

4 Long term loan

Loan is with Moya Financials, amount borrowed was $2,535,000 with payment of $15,317.65 for 60 months. The period of 60 months (5 years) began on January 19, 2020 and will mature on December 24, 2024.

5 Material uncertainties

Management is not aware of any events or conditions that will impair the organization's ability to continue as a going concern.

6 Financial instruments and risk management

Risks and concentrations

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the balance sheet date, i.e. December 31, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its bank loan and accounts payable.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity is not exposed to any credit risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk. The entily is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the that the fair value of future cash flows of a financials instrument will fluctuate because of changes in market interest rate. The entity is exposed to interest rate risk on its fixed and floating interest rate financial instruments. The fixed rate instruments subject to fair value risk while the floating-rate instruments subject to a cash flow risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because the changes in market prices, where those changesa are caused by factors specific to the individual financials instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The entily is not exposed to price risk.

7 Prior year adjustment

During our review, the management has corrected an error in the prior year financial statements. A non interest bearing loan of $472,500 was wrongly classified as general donation in 2018.