Salha CPA
PROFESSIONAL CORPORATION

4265 Sherwoodtowne Blvd, Suite 301
Mississauga, Ontario L4Z 1Y5
Phone: 905 755 9611
Fax: 905 793 3884
www.salhacpa.ca

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, 2020, 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 is 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 Qualified 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, 2020, current assets and net assets as at December 31, 2020.

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, 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 (ASNPO).

Mississauga, Ontario.
September 10, 2021

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

RISALAH FOUNDATION.

BALANCE SHEET
(AUDITED)

AS AT DECEMBER 31		2020	2019
Assets			
Current assets			
Cash and bank	(Note 2)	628,994	852,834
Taxes receivable		154,760	28,969
		783,755	881,803
Non-current assets			
Net capital assets	(Note 4)	2,437,327	2,540,886
		2,437,327	2,540,886
Total Assets		$ 3,221,082	$ 3,422,689
Liabilities and Fund Balances			
Current liabilities			
Accounts payable and accrued liabilities		5,650	5,085
Loan from others		20,000	115,000
Current maturity of long term loan		88,194	84,500
		113,844	204,585
Long term liabilities			
Long term loan	(Note 5)	2,362,306	2,450,500
		2,362,306	2,450,500
Fund Balances			
Accumulated fund balance, end of year		744,931	767,604
		744,931	767,604
Total Liabilities and Fund Balances		$ 3,221,081	$ 3,422,689

Accompanying notes are an integral part of these financial statements.

On behalf of the Board:

____________________ Director

____________________ Director

RISALAH FOUNDATION.
INCOME STATEMENT
(AUDITED)

FOR THE YEAR ENDED DECEMBER 31		2020	2019
Revenue			
	General donations	525,575	657,251
	Special donations	20,000	115,000
		545,575	772,251
Expenses			
	Amortization	103,559	106,714
	Automobile expenses	5,451	19,212
	Business taxes	-	82,465
	Bank service charges	6,771	10,172
	Finance charges	99,312	72,603
	Insurance	3,786	6,566
	Meals ans entertainment	1,242	7,969
	Office and general expenses	7,639	35,918
	Professional fees	5,650	11,630
	Programme expenses	168,326	213,245
	Property expenses	19,404	25,932
	Repairs and maintenance	13,609	38,310
	Sub-contract	118,836	119,905
	Telephone and communications	1,551	3,532
	Travel and transportation	795	9,255
	Utilities	12,317	15,231
		568,247	778,657
Excess of revenue over expenses		$ (22,673)	$ (6,406)

Accompanying notes are an integral part of these financial statements.

RISALAH FOUNDATION.

STATEMENT OF CHANGES IN RETAINED EARNINGS (AUDITED)

FOR THE YEAR ENDED DECEMBER 31		2020		2019
Accumulated fund balance, beginning of year		767,604		774,010
Excess of revenue over expenses		(22,673)		(6,406)
Prior year adjustment retained earnings		-		-
Accumulated fund balance, end of year	$	744,931	$	767,604
Investment in Capital assets, beginning of year		585,798		585,798
Less: Amortization expenses				
Add: Capital assets additions		-		-
Investment in capital assets, end of the year	$	585,798	$	585,798

Accompanying notes are an integral part of these financial statements.

RISALAH FOUNDATION.

STATEMENT OF CASH FLOWS
(AUDITED)

FOR THE YEAR ENDED DECEMBER 31		2020		2019
Cash flows provided by				
Operating activities				
Excess / (deficiency) of revenue over expenses	$	(22,673)	$	(6,406)
Items not effecting cash				
Amortization		103,559		106,714
		80,886		100,308
Change in non-cash working capital balances				
Current liabilities and accrued expenses		565		2,585
Current maturity of long term loan		3,694		84,500
Short term loan payable		(95,000)		(242,500)
Long term loan payable		(88,195)		699,433
GST receivable		(125,791)		(28,969)
		(304,726)		515,049
Net increase in cash		(223,840)		615,357
Cash flow used in Investting activities				
Investing activities				
(Addition) / Deletion to capital assets		-		-
		-		-
Total cash provided from all activities		(223,840)		615,357
Cash and cash equivalents, beginning of the year		852,834		237,477
Cash and cash equivalents, end of the year	$	628,994	$	852,834

Accompanying notes are an integral part of these financial statements.

RISALAH FOUNDATION.
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31 , 2020

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 accompanying financial statements are prepared in accordance with Part II CPA Handbook Accounting Standards for private enterprises and include the following significant accounting policies:

(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
Revenue is accounted for when there is persuasive evidence that an arrangement exists, services are rendered, the price is fixed or determinable and collection is reasonably assured.

(c) Income taxes
The entity applies the tax payable method of accounting for income taxes.

(c) 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.

(d) Financial instruments
Measurement of financial instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arms length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized costs, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortization cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized costs include the bank overdraft, the bank loan, accounts payable, amounts due (if any) to/from directors, and shareholders and long term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly of by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(e) Capital assets and amortization

The Company provides amortization on all its capital assets using the methods and rates set out below, designed to amortize costs over the expected useful life of the respected assets. Acquisitions during the year are amortized at 1/2 the normal rate.

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

(f) Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying

Notes to financial statements

2 Cash and bank

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

	2020	2019
Cash and bank	628,994	852,834

3 Inventory

Inventory includes the value of the books and other educational materials held in bookstore at the end of the year.

4 Capital assets:

Capital Assets are recorded at cost less amortization.

	2020					
	Cost	Addition	Accumulated Amortization	Net book value	Amortization	Net 2019
Store equipment	14,900	-	5,281	9,619	2,405	12,024
Building	2,800,000	-	372,292	2,427,708	101,154	2,528,862
	2,814,900	-	377,573	2,437,327	103,559	2,540,886

5 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.

6 Material uncertainties

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

7 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, 2020.

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.

8 Comparative figures

Comparative figures are re-arranged and re-grouped where ever necessary.