

SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA

Financial Statements

Year Ended December 31, 2017

SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA
Index to Financial Statements
Year Ended December 31, 2017

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10



Suntharalingam
Professional Corporation
Chartered Accountant and Business Advisor

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Satya Sanatan Dharma Cultural Sabha of Canada

I have audited the accompanying financial statements of Satya Sanatan Dharma Cultural Sabha of Canada, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Authorized to practice public accounting by The Chartered Professional Accountants of Ontario.

(continues)

Independent Auditor's Report to the Board of Directors and Members of Satya Sanatan Dharma Cultural Sabha of Canada (continued)

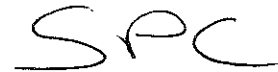
Basis for Qualified Opinion

In common with many not-for-profit organizations, Satya Sanatan Dharma Cultural Sabha of Canada derives its revenue from contributions and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of Satya Sanatan Dharma Cultural Sabha of Canada. Therefore, I was not able to determine whether any adjustments might be necessary to contributions and donations revenues, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2017, current assets and net assets as at January 1, 2017 and December 31, 2017.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Satya Sanatan Dharma Cultural Sabha of Canada as at December 31, 2017 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.

Toronto, Ontario
March 5, 2018



CHARTERED PROFESSIONAL ACCOUNTANT
CHARTERED ACCOUNTANT

SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA

Statement of Financial Position

December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 75,238	\$ 104,496
Short term investments (Note 4)	1,469	1,450
Term deposits (Note 5.)	177,288	76,738
HST receivable	8,227	4,307
Prepaid expenses	5,091	1,861
Accounts receivable	-	230
	<u>267,313</u>	189,082
CAPITAL ASSETS (Note 6)	<u>2,148,493</u>	2,000,603
	<u>\$ 2,415,806</u>	\$ 2,189,685
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 12,176	\$ 21,921
Deposits received	4,900	2,800
Mortgage payable (Note 7)	500,000	-
Current portion of mortgage payable	-	21,271
	<u>517,076</u>	45,992
DEFERRED CAPITAL GRANTS (Note 8)	148,969	163,606
MEMBER LOANS PAYABLE (Note 9)	14,274	22,052
MORTGAGE PAYABLE	-	239,297
	<u>680,319</u>	470,947
NET ASSETS		
General fund - unrestricted	1,727,935	1,711,186
Reserve fund - internally restricted (Note 10)	7,552	7,552
	<u>1,735,487</u>	1,718,738
	<u>\$ 2,415,806</u>	\$ 2,189,685

ON BEHALF OF THE BOARD

_____ Director
 _____ Director

See accompanying notes to financial statements

SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA
Statement of Changes in Net Assets
Year Ended December 31, 2017

	General fund - unrestricted	Reserve fund - internally restricted	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 1,711,186	\$ 7,552	\$ 1,718,738	\$ 1,777,832
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	16,749	-	16,749	(59,094)
NET ASSETS - END OF YEAR	\$ 1,727,935	\$ 7,552	\$ 1,735,487	\$ 1,718,738

See accompanying notes to financial statements

SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA

Statement of Operations

Year Ended December 31, 2017

	2017	2016
REVENUE		
Donations	\$ 102,876	\$ 105,251
Projects and shows income	58,311	68,889
Membership fees	35,133	23,338
Rental of auditorium	33,700	37,151
Amortization of capital grants	14,637	14,637
Veridian rebates	8,255	9,821
Pooja services	6,340	410
Miscellaneous revenue	4,940	3,335
Store sales	2,930	2,987
Interest and dividend income	569	724
	<u>267,691</u>	<u>266,543</u>
EXPENSES		
Amortization	63,180	57,090
Salaries and benefits	39,472	57,468
Repairs and maintenance	30,632	21,987
Utilities and telephone	29,765	34,519
Projects and shows expense	29,496	13,160
Professional fees	14,577	9,091
Interest on long term debt	14,166	11,423
Office and administration expense	11,469	7,725
Supplies	5,355	3,741
Garbage disposal	4,039	3,857
Insurance	3,946	4,779
Interest and bank charges	3,056	4,412
Security	1,789	1,696
Legal fees - settlement	-	94,450
Foreign exchange (gain) loss	-	239
	<u>250,942</u>	<u>325,637</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 16,749</u>	<u>\$ (59,094)</u>

See accompanying notes to financial statements

SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA

Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 16,749	\$ (59,094)
Amortization of capital assets	63,180	57,090
Amortization of deferred capital grants	<u>(14,637)</u>	<u>(14,637)</u>
	<u>65,292</u>	<u>(16,641)</u>
Changes in non-cash working capital:		
Accounts receivable	230	331
HST receivable	(3,920)	12,356
Accounts payable and accrued liabilities	(9,744)	6,728
Prepaid expenses	(3,230)	(1,861)
Deposits received	<u>2,100</u>	<u>850</u>
	<u>(14,564)</u>	<u>18,404</u>
Cash flow from operating activities	<u>50,728</u>	<u>1,763</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(211,070)	(3,762)
Purchase of Term deposit	(100,550)	(456)
Purchase of short term investments	<u>(19)</u>	<u>(261)</u>
Cash flow used by investing activities	<u>(311,639)</u>	<u>(4,479)</u>
FINANCING ACTIVITIES		
Proceeds from mortgage payable	500,000	-
Repayment of mortgage payable	(260,569)	(21,271)
Member loans payable	<u>(7,778)</u>	<u>-</u>
Cash flow from (used by) financing activities	<u>231,653</u>	<u>(21,271)</u>
DECREASE IN CASH FLOW	(29,258)	(23,987)
CASH - BEGINNING OF YEAR	<u>104,496</u>	<u>128,483</u>
CASH - END OF YEAR	\$ 75,238	\$ 104,496

See accompanying notes to financial statements

SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA

Notes to Financial Statements

Year Ended December 31, 2017

1. PURPOSE OF THE ORGANIZATION

The purpose of the Satya Sanatan Dharma Cultural Sabha of Canada (the "organization") is to preach, promote and advance the spiritual teachings of Hinduism by practicing the religious observances, tenets and doctrines associated with that faith. The organization is a charitable organization under the Income Tax Act (Canada) and as such, is exempt from income tax, provided certain requirements of the Income Tax Act are met.

2. BASIS OF PRESENTATION

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

Revenue recognition

Unrestricted contributions from donations, grants, shows and projects and rental income are recorded in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. All restricted contributions are recognized as revenue of the general fund in the year in which the related expense are incurred.

Interest income is recognized as revenue of the related fund when earned. Grants received for the purchase of depreciable capital assets are amortized into revenue at the same rate as the related capital assets.

Use of estimates

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(continues)

SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA

Notes to Financial Statements

Year Ended December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Building	2%	declining balance method
Building improvements	2%	declining balance method
Furniture and fixtures	20%	declining balance method
Office equipment	20%	declining balance method
Parking lot	15 years	straight-line method
Stage renovations	15 years	straight-line method

In the year of acquisition, capital assets are amortized at 50% of the annual rate.

Murties and jewellery are capitalized at time of purchase and are not being amortized because of their nature.

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable, term deposit and HST receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deposits received, deferred capital grants, member loans payable and mortgage payable.

4. SHORT TERM INVESTMENTS

Short term investments consist of mutual funds with RBC and are measured at fair value.

5. TERM DEPOSITS

Term deposits consist of guaranteed investment certificates (GICs). The \$72,140 term deposit with Bank of Montreal earns interest at bank's prime rate minus 2.1% per annum and mature on March 15, 2018. The \$5,077 term deposit with RBC earns interest at 0.5% per annum and mature on March 17, 2018. The \$100,070 term deposit with Bank of Montreal earns interest at 0.5% per annum and matures on February 8, 2018. The term deposits are recorded at amortized cost and reinvested when it matures.

SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA

Notes to Financial Statements

Year Ended December 31, 2017

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 192,000	\$ -	\$ 192,000	\$ 192,000
Landscaping	14,920	-	14,920	14,920
Murties and jewellery	76,558	-	76,558	71,230
Building	2,173,243	748,271	1,424,972	1,454,053
Building improvements	429,771	39,524	390,247	201,035
Parking lot	154,234	154,234	-	7,544
Office equipment	149,084	134,735	14,349	15,677
Furniture and fixtures	104,698	90,545	14,153	17,692
Stage renovations	77,373	56,079	21,294	26,452
	\$ 3,371,881	\$ 1,223,388	\$ 2,148,493	\$ 2,000,603

7. Mortgage payable

The organization has a \$500,000 mortgage payable with Matteo Palandra at the interest rate of 6% per annum. Monthly interest only payments are \$2,500 and commencing on December 7, 2017. The loan matures on November 7, 2020. The loan is secured by a general security agreement.

8. DEFERRED CAPITAL GRANTS

(a) A capital grant of \$72,700 from the Ontario Trillium Foundation ("OTF") for the renovation of the stage in the auditorium is being amortized over 15 years from 2007. The renovation was completed at the end of 2006.

	2017	2016
Grant amount	\$ 72,700	\$ 72,700
Accumulated amortization	(53,318)	(48,470)
	19,382	24,230

(b) During 2011, the Ontario Trillium Foundation ("OTF") agreed under the Capital Grant agreement and Letter of Acceptance ("LOA") Number 110927 to provide 50% funding for various capital project, on condition that the Organization provide the other matching 50%. The grant is being amortized to income over 12.5 years.

	2017	2016
Grant amount	195,800	195,800
Accumulated amortization	(66,213)	(56,424)
	129,587	139,376
Total deferred capital grants	\$ 148,969	\$ 163,606

SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA

Notes to Financial Statements

Year Ended December 31, 2017

9. MEMBER LOANS PAYABLE

	<u>2017</u>	<u>2016</u>
Non-interest bearing	\$ 14,274	\$ 21,569
Accrued interest	-	483
	<u>\$ 14,274</u>	<u>\$ 22,052</u>

The amount of member loans payable is unsecured, non-interest bearing and has no set repayment terms. The members have agreed not to demand repayment before January 1, 2018.

10. RESERVE FOR MAJOR REPAIRS

During 2006, the Board of Directors approved the establishment of a Reserve for Major Repairs Fund with an initial balance of \$3,000, which is internally restricted.

The Fund will be used to pay for major repairs to the building. An amount of at least 10 percent of membership fees will be transferred to the fund balance annually. During 2017, no amount was transferred to the reserves for major repairs fund.

11. COMMITMENTS

The organization has a commitment to perform work on the property to comply with the by-laws of the Town of Pickering. The organization has a letter of credit with the Town of Pickering for \$4,450 as a performance bond. The Town of Pickering will release this letter of credit, once the organization has completed the required work orders to its requirements and subject to its inspection process. At this time, the temple has not completed the required work orders.

12. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of December 31, 2017:

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization manages its liquidity risk by monitoring its operating requirements.

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 three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its interest rate on term deposits.