

**SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA**

**Financial Statements**

**Year Ended December 31, 2018**

**SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA**

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**Year Ended December 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Satya Sanatan Dharma Cultural Sabha of Canada

*Qualified Opinion*

I have audited the financial statements of Satya Sanatan Dharma Cultural Sabha of Canada (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, 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 charitable organizations, the organization derives revenue from contributions and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. My audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

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

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

My 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 my 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. 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Organization'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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during my audit.

Toronto, Ontario  
July 4, 2019

CHARTERED PROFESSIONAL ACCOUNTANT  
CHARTERED ACCOUNTANT

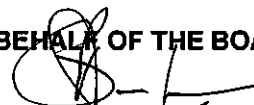
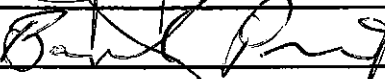
**SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA**

**Statement of Financial Position**

**December 31, 2018**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 91,592	\$ 75,238
Accounts receivable	2,000	-
Short term investments (Note 4)	1,482	1,469
Term deposits (Note 5.)	178,426	177,288
HST receivable	4,226	8,227
Prepaid expenses	6,096	5,091
	<u>283,822</u>	<u>267,313</u>
<b>CAPITAL ASSETS (Note 6)</b>	<u><b>2,214,504</b></u>	<u><b>2,148,493</b></u>
	<u><b>\$ 2,498,326</b></u>	<u><b>\$ 2,415,806</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 71,722	\$ 12,176
Deposits received	8,835	4,900
Mortgage payable (Note 7)	500,000	500,000
	<u>580,557</u>	<u>517,076</u>
<b>DEFERRED CAPITAL GRANTS (Note 8)</b>	<u><b>134,332</b></u>	<u><b>148,969</b></u>
<b>MEMBER LOANS PAYABLE (Note 9)</b>	<u><b>14,274</b></u>	<u><b>14,274</b></u>
	<u><b>729,163</b></u>	<u><b>680,319</b></u>
<b>NET ASSETS</b>		
General fund - unrestricted	1,769,163	1,727,935
Reserve fund - internally restricted (Note 10)	-	7,552
	<u>1,769,163</u>	<u>1,735,487</u>
	<u><b>\$ 2,498,326</b></u>	<u><b>\$ 2,415,806</b></u>

**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, 2018**

	General fund - unrestricted	Reserve fund - internally restricted	2018	2017
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,727,935	\$ 7,552	\$ 1,735,487	\$ 1,718,738
<b>PRIOR YEAR'S FUND TRANSFERRED</b>	7,552	(7,552)	-	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	33,676	-	33,676	16,749
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,769,163</u>	<u>\$ -</u>	<u>\$ 1,769,163</u>	<u>\$ 1,735,487</u>

See accompanying notes to financial statements

**SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA****Statement of Operations****Year Ended December 31, 2018**

	2018	2017
<b>REVENUE</b>		
Donations	\$ 118,183	\$ 102,876
Projects and shows income	82,231	58,311
Rental of auditorium	32,600	33,700
Membership fees	19,710	35,133
Amortization of capital grants	14,637	14,637
Veridian rebates	8,260	8,255
Pooja services	4,849	6,340
Interest and dividend income	1,652	569
Store sales	1,229	2,930
Miscellaneous revenue	673	4,940
	<u>284,024</u>	<u>267,691</u>
<b>EXPENSES</b>		
Amortization	49,110	63,180
Salaries and benefits	38,882	39,472
Projects and shows expense	37,244	31,775
Interest on long term debt	30,000	14,166
Utilities and telephone	29,162	29,765
Repairs and maintenance	26,710	30,632
Professional fees	8,424	14,577
Office and administration expense	8,236	9,190
Supplies	5,870	5,355
Garbage disposal	4,771	4,039
Insurance	4,016	3,946
Interest and bank charges	3,330	3,056
Security	2,598	1,789
Printing expense	1,995	-
	<u>250,348</u>	<u>250,942</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 33,676</u>	<u>\$ 16,749</u>

See accompanying notes to financial statements

**SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA**

**Statement of Cash Flows**

**Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 33,676	\$ 16,749
Amortization of capital assets	49,110	63,180
Amortization of deferred capital grants	(14,637)	(14,637)
	<u>68,149</u>	<u>65,292</u>
Changes in non-cash working capital:		
Accounts receivable	(2,000)	230
HST receivable	4,001	(3,920)
Prepaid expenses	(1,005)	(3,230)
Accounts payable and accrued liabilities	59,547	(9,744)
Deposits received	3,935	2,100
	<u>64,478</u>	<u>(14,564)</u>
Cash flow from operating activities	<u>132,627</u>	<u>50,728</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(115,122)	(211,070)
Purchase of Term deposit	(1,138)	(100,550)
Purchase of short term investments	(13)	(19)
Cash flow used by investing activities	<u>(116,273)</u>	<u>(311,639)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from mortgage payable	-	500,000
Repayment of mortgage payable	-	(260,569)
Member loans payable	-	(7,778)
Cash flow from financing activities	<u>-</u>	<u>231,653</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>16,354</b>	<b>(29,258)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>75,238</b>	<b>104,496</b>
<b>CASH - END OF YEAR</b>	<b>\$ 91,592</b>	<b>\$ 75,238</b>

See accompanying notes to financial statements



# SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA

## Notes to Financial Statements

Year Ended December 31, 2018

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### 1. PURPOSE OF THE ORGANIZATION

The purpose of the Satya Sanatan Dharma Cultural Sabha of Canada (the "organization") is to 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.

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**SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA**

**Notes to Financial Statements**

**Year Ended December 31, 2018**

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**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 \$72,517 term deposit with Bank of Montreal earns interest at 0.9% per annum and mature on March 15, 2019. The \$5,103 term deposit with RBC earns interest at 0.5% per annum and mature on March 17, 2019. The \$100,806 term deposit with Bank of Montreal earns interest at 0.9% per annum and matures on February 7, 2019. 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, 2018**

**6. CAPITAL ASSETS**

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 192,000	\$ -	\$ 192,000	\$ 192,000
Landscaping	14,920	-	14,920	14,920
Murties and jewellery	76,558	-	76,558	76,558
Building	2,173,243	776,771	1,396,472	1,424,972
Building improvements	536,051	48,392	487,659	390,247
Parking lot	154,234	154,234	-	-
Office equipment	156,761	138,372	18,389	14,349
Furniture and fixtures	105,862	93,492	12,370	14,153
Stage renovations	77,373	61,237	16,136	21,294
	<b>\$ 3,487,002</b>	<b>\$ 1,272,498</b>	<b>\$ 2,214,504</b>	<b>\$ 2,148,493</b>

**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.

	2018	2017
Grant amount	\$ 72,700	\$ 72,700
Accumulated amortization	(58,165)	(53,318)
	<b>14,535</b>	<b>19,382</b>

(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 20 years.

	2018	2017
Grant amount	195,800	195,800
Accumulated amortization	(76,003)	(66,213)
	<b>119,797</b>	<b>129,587</b>
<b>Total deferred capital grants</b>	<b>\$ 134,332</b>	<b>\$ 148,969</b>

**SATYA SANATAN DHARMA CULTURAL SABHA OF CANADA**

**Notes to Financial Statements**

**Year Ended December 31, 2018**

**9. MEMBER LOANS PAYABLE**

	<u>2018</u>	<u>2017</u>
Non-interest bearing	<u>\$ 14,274</u>	<u>\$ 14,274</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, 2020.

**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.

During 2018, the organization transferred this fund into general 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, 2018:

**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.