Islamic Co-operative Housing Corporation Ltd.

Annual Report 2014



33 Years

Dedicated and Exemplary Service
To the Community by the Community

STATEMENT OF OBJECTIVES

To facilitate our committed members the opportunity to buy a house for their families without indulging in riba, and with as much security and flexibility as possible, within the taxation and legal framework of the country;

To provide an opportunity to committed Muslims all over the world to:

- mobilize and pool their savings and invest in the houses of fellow Muslims with no strings attached to a particular house;
- *keep an individual's funds as flexible as possible with the ability to sell/transfer his/her shares with a reasonable notice;
- maintain the security of the investment;
- share the capital gain or loss and the rental income of the "Co-operative" in the form of dividends with all members.



In the name of Allah, the Beneficent, the Merciful And to Allah belongs whatever is in the Heavens and whatever is in the Earth

September 21, 2014 Dhul–Qa'dah 26, 1435

Dear Brothers and Sisters:

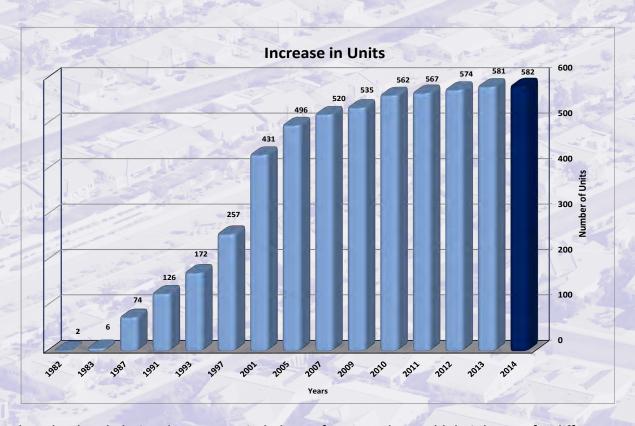
Assalamu Alaikum:

By the will of Allah, and His grace, we have again gathered here today at the 33rd Annual General Body Meeting of the Islamic Co-operative Housing Corporation Ltd.

I take this opportunity to present to you the 32nd Annual Report of the Co-operative. But first, on behalf of the Board of Directors, I extend warm welcome to each and every one of you – the members as well as guests.

1. HOUSE PURCHASES

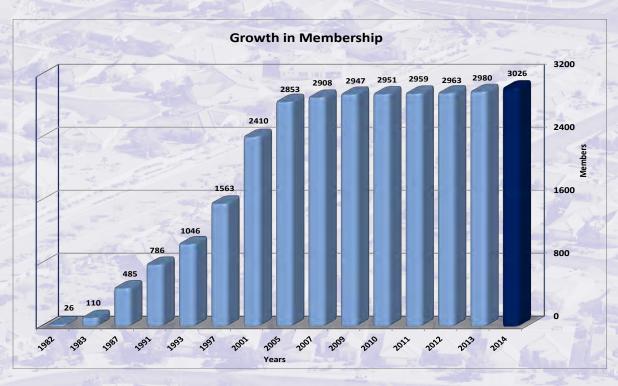
I am pleased to report to you that with the purchase of one housing unit during the past nine months, the total number of housing units reached 582 to date from 581 last year. More houses were purchased through our Ansar Co-operative.



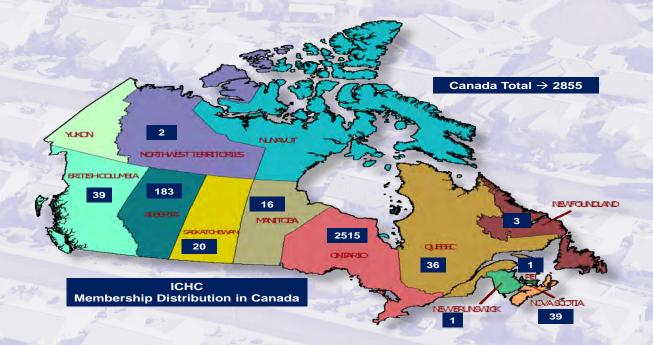
On the other hand, during the same period, three of our members sold their houses for different reasons including upgrade while six other members completed purchase of the required shares and transferred their housing units to themselves, Alhamdulillah!

2. MEMBERSHIP

Since inception of your co-operative 34 years ago, the membership has been continuously growing and spreading across the globe. With 46 members joining us during the last nine months, our current membership totals 3,026, Masha Allah! Considerable growth has been noted outside the Province of Ontario and in the US during recent years.



The following maps will give us an idea of distribution of our membership within each province in Canada, in different states in the United States, and around the world at large.



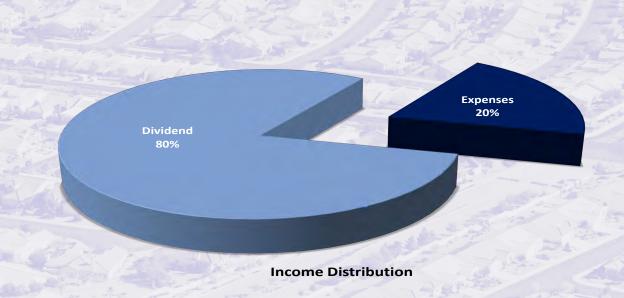
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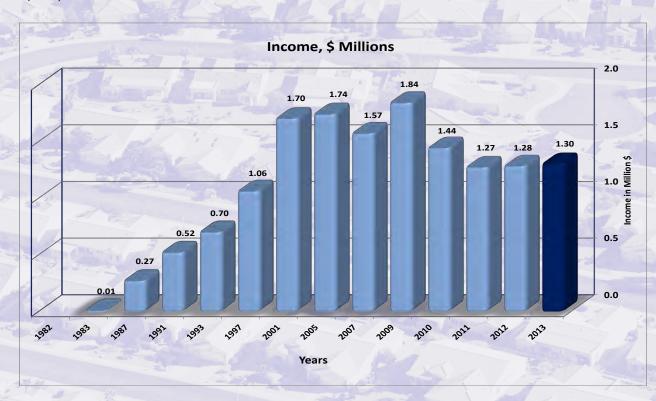
ICHC Global Membership Distribution Member Country Count Bahrain Canada 2855 China Germany India Kuwait Libya 1 Oman Pakistan 10 Qatar Saudi Arabia 21 South Africa Sudan Thailand Tunisia U.A.E. 7 U.K. U.S.A 113 Zimbabwe Total 3026

3. INCOME AND EXPENSES

Our by-laws allow the Board to spend up to maximum 20 % of the total income of the Co-operative as operating expenses. The remaining 80% must be distributed as Patronage Dividend to the membership shareholders as shown in the following chart.



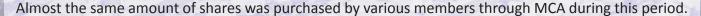
Br. Kaiser Nawaz from our Audit firm Nawaz Taub & Wasserman LLP, will present to you shortly the Financial Statements for the year 2013. You will note from the Statements that for the year 2013, Islamic Co-operative had revenue almost \$1.3 million while the expenses during the same period were a little over \$200, 000. This translate into a little over 16% of the income. The revenue includes \$173,100 which was realized as net gain due to the completion or sale of the housing units in 2013. The net gain in 2012 was \$140,000.

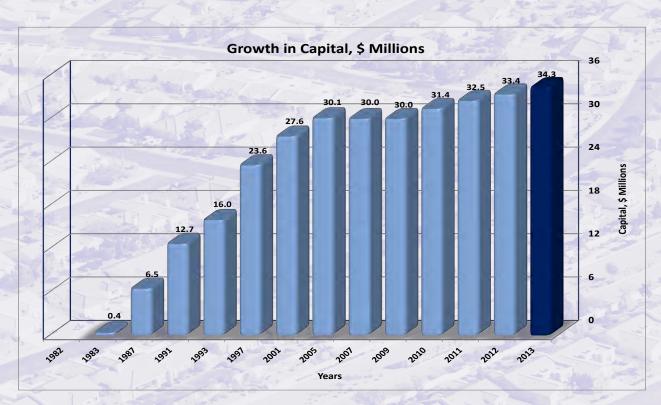


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4. SHARE CAPITAL

At the end of December 2012 the issued share capital of Islamic Co-operative was \$33.4 million. It increased by approximately \$0.9 million to \$34.3 million at the end of December 2013. During this period, around \$7.3 million of shares were transferred through the shares sale and purchase agency, MCA. This included membership shares transferred by various members who needed their monies for one reason or the other, and preference shares that were transferred by our home buyers who had purchased the required shares and sold or transferred their homes.





5. PATRONAGE DIVIDEND

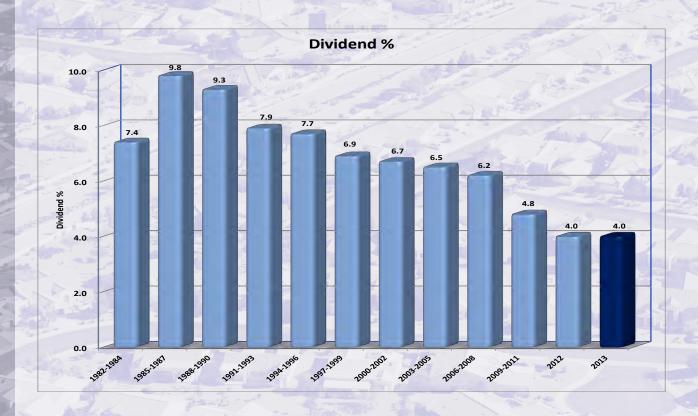
It is very pleasing to note that Islamic Co-operative Housing Corporation Ltd. has been continuously declaring patronage dividends every year since its inception. Average patronage dividend for the last 32 years has been as follows:

| 1982-1984 | @ | \$7.4 | per share | 1985-1987 | @ | \$9.8 | per share |
|-----------|---|-------|-----------|-----------|---|-------|-----------|
| 1988-1990 | @ | \$9.3 | per share | 1991-1993 | @ | \$7.9 | per share |
| 1994-1996 | @ | \$7.7 | per share | 1997-1999 | @ | \$6.9 | per share |
| 2000-2002 | @ | \$6.7 | per share | 2003-2005 | @ | \$6.5 | per share |
| 2006-2008 | @ | \$6.2 | per share | 2009-2011 | @ | \$4.8 | per share |
| 2012 | @ | \$4.0 | per share | | | | |

and for the year 2013 the Board again declared Patronage Dividend for the Co-operative @4.00 per share or 4% effective June 30, 2014, Alhamdulillah.

The related chart illustrates, in percentage, the Patronage Dividend declared by the Co-operative over all those years.

Patronage dividend notices were sent out to members who had shares since or purchased shares prior to October 2013. The stock dividend shares were issued to members with accumulated dividend balances of more than \$100.



6. ACKNOWLEDGEMENT

Before I end this presentation, I would like to thank all the Board members, our General Manager Br. Tahir Qureshi, our Accountant Br. Mamun Rashid, our staff Sr. Fatima, Sr. Safa and Sr. Mehreen, and our software designer Br. Danish Ahmad. I would also like to thank my Executive Assistant and Manager of Ansar Financial Group companies Br. Anwar Rahman, our Chief Accountant for Ansar Financial Group companies Sr. Shahnaz, and staff members Sr. Saba, Br. Ahtesham, Br. Shahab, and Sr. Waheeda. I highly appreciate their unlimited help, dedicated work and co-operation in running the daily affairs of the Cooperative.

Additionally, I express my gratitude to Br. Kaiser Nawaz, Br. Abdus-Sami Syed, Br. Afaq Moin, Br. Faisal Kutty and Br. Mohammed Jalaluddin, our Vice Chair and President of many Ansar Financial Group companies, for their valuable services. I am also grateful to all other brothers and sisters who helped us from time to time.

Most importantly, deep appreciation goes to the wives and children of all Board members and volunteers for their meaningful participation in the background. Without such cooperation from the family members, those volunteers cannot contribute significantly to our projects.

Lastly, I take this opportunity to also thank our members and home buyers for their support and putting their trust in us.

May Allah reward each and every one abundantly for their efforts, contributions and support.

Jazakum Allahu Khair,

Wassalamu Alaikum.

Your brother in Islam,

Pervey Nasm

Pervez Nasim

Chairman

TORONTO, ONTARIO CANADA

Date: September 21, 2014

ISLAMIC CO-OPERATIVE HOUSING CORPORATION LTD. 2013-2015 BOARD OF DIRECTORS

Pervez Nasim, Chairman

Office: (416) 298-0076

Anwar Rahman, Executive Assistant to the Chairman

Office: (416) 609- 2642

Mohammed Jalaluddin, Vice-Chairman

Office: (416) 609-2642

Hussain Siddiqui, Treasurer

Home: (416) 287- 3260

Dr. Syed Afaq Moin, Secretary

Home: (905) 592- 1815

Kovit Hasanee, Director

Home: (905) 829 -2477

MUSLIM COMMUNITIES AGENCY (MCA)

Moonshir Mohammed, Secretary Home: (905) 405-9857

TAKAFUL CANADA

Pervez Nasim, President Office: (416) 609- 2642

SHERIDAN SERVICES AND SHERIDAN DEVELOPMENT

Mohammad Nurul Amin, President Home: (905) 799-8244

ANSAR GROUP LTD.

Pervez Nasim, Chairman of the Board Home: (416) 609-2642

ANSAR FINANCIAL COMPANIES

Mohammed Jalaluddin, President Office: (416) 609-2642

Anwar Rahman, Manager Office: (416) 609-2642

AL - AMIN ASSOCIATION

Hussain Siddiqui, President Home: (416) 287-3260
Tahir Qureshi, Secretary Office: (416) 609-2642

ANSAR CENTRE

Shahab Nasim, Manager Tel: (416) 609-2642

ANSAR DEVELOPMENT CORPORATION, CALGARY

Pervez Nasim, President Tel: (403) 291 – 4668

Fax: (403) 291 - 4670

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DECEMBER 31, 2013

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Bernard M. Taub CPA, CA, CFP A. Sami Syed, CPA, CA, MTax

INDEPENDENT AUDITOR'S REPORT

To the Members of Islamic Co-operative Housing Corporation Ltd.

We have audited the accompanying financial statements of Islamic Co-operative Housing Corporation Ltd., which comprise the balance sheet as at December 31, 2013, and the statements of income and retained earnings 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Islamic Co-operative Housing Corporation Ltd.** as at **December 31, 2013**, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Mississauga, Ontario August 11, 2014 NAWAZ TAUB & WASSERMAN LLP
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

| | | Page 2 |
|--|-----------------|------------|
| ISLAMIC CO-OPERATIVE HOUSING CO BALANCE SHEET | ORPORATION LTD. | |
| As at December 31, | 2013 | 2012 |
| | \$ | |
| Assets | | |
| Current | | |
| Cash | 1,323,405 | 800,350 |
| Accounts receivable | 39,072 | 423,092 |
| Due from related parties (Note 5) | 10,642,445 | 8,862,445 |
| Investments (Note 3) | 1,205,250 | 2,305,100 |
| | 13,210,172 | 12,390,987 |
| Non-Current | | |
| Other receivables (Note 10) | 3,408,378 | 3,408,378 |
| Residential housing units (Note 2) | 14,263,800 | 14,151,650 |
| Real Estate (Note 7) | 4,800,000 | 4,800,000 |
| Treal Estate (Note 1) | 22,472,178 | 22,360,028 |
| | 35,682,350 | 34,751,015 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | 9,410 | 23,737 |
| Due to related parties (Note 6) | 120,000 | 100,000 |
| Patronage share dividends payable | 1,071,978 | 1,094,782 |
| Un-issued capital shares | 117,672 | 119,771 |
| | 1,319,060 | 1,338,290 |
| Members' Equity | | |
| Share Capital (Note 8) | 34,363,200 | 33,403,500 |
| Retained Earnings | 90 | 9,225 |
| | 34,363,290 | 33,412,725 |
| | 35,682,350 | 34,751,015 |

Approved on behalf of the Board:

Pervey Nasson Director

__ Director

(See accompanying notes to financial statements)

ISLAMIC CO-OPERATIVE HOUSING CORPORATION LTD. STATEMENT OF INCOME AND RETAINED EARNINGS

| For the year ended December 31, | 2013 | 2012 |
|---|-------------|-------------|
| | \$ | \$ |
| Revenue (Note 4 and 9) | 1,267,010 | 1,282,382 |
| Expenses | | |
| Administration (Note 4) | 127,700 | 108,450 |
| Rent and utilities (Note 4) | 31,500 | 30,000 |
| General expenses, printing and publications | 17,095 | 20,101 |
| Professional fees | 25,872 | 23,012 |
| Travel and sponsorship | 2,000 | 2,000 |
| | 204,167 | 183,563 |
| Net Income | 1,062,843 | 1,098,819 |
| Retained Earnings, beginning of year | 9,225 | 5,188 |
| Deduct: Patronage share dividends | (1,071,978) | (1,094,782) |
| Retained Earnings, end of year | 90 | 9,225 |

(See accompanying notes to financial statements)

ISLAMIC CO-OPERATIVE HOUSING CORPORATION LTD. STATEMENT OF CASH FLOWS

| For the year ended December 31, | 2013 | 2012 |
|---|-------------|------------|
| | \$ | |
| Operating Activities | | |
| Net Income | 1,062,843 | 1,098,819 |
| | 1,062,843 | 1,098,819 |
| Net changes in non-cash working capital items | | |
| Accounts receivable | 384,020 | (292,177) |
| Accounts payable and accrued liabilities | (14,327) | 5,237 |
| Patronage share dividends payable | (22,804) | 14,911 |
| Un-issued capital shares | (2,099) | 10 |
| | 344,790 | (272,019) |
| | 1,407,633 | 826,800 |
| Investing Activities | | |
| Investments | 1,099,850 | 55,000 |
| Residential housing units | (112,150) | 138,700 |
| | 987,700 | 193,700 |
| Financing Activities | | |
| Share capital | 959,700 | 939,300 |
| Patronage share dividends | (1,071,978) | (1,094,782 |
| Due from related parties | (1,780,000) | (484,600 |
| Due to related parties | 20,000 | 43,000 |
| | (1,872,278) | (597,082 |
| Change in cash during the year | 523,055 | 423,418 |
| Cash, beginning of year | 800,350 | 376,932 |
| Cash, end of year | 1,323,405 | 800,350 |

(See accompanying notes to financial statements)

ISLAMIC CO-OPERATIVE HOUSING CORPORATION LTD. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Islamic Co-operative Housing Corporation Ltd., (Co-operative) was incorporated on December 29, 1980 under the Ontario Co-operative Corporations Act. Its purpose is to provide housing to its members.

According to the by-laws of the Co-operative, a minimum of 80% of revenue is distributed as patronage dividends and a maximum of 20% is left to meet operating costs. The dividends are declared annually and credited after the year-end.

No provision is made for income taxes. The Co-operative withholds and remits income tax on the patronage stock dividends. Members pay taxes on the amounts they receive as patronage dividends.

1. GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Co-operative will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

These financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported revenue and expenses and the balance sheet classifications used that would be necessary if the going concern assumption were not appropriate should the Cooperative not be able to continue its normal course of business.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE) and include the following significant accounting policies:

Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates are reviewed periodically, and when adjustments become necessary, they are made to income in the period in which they become known.

Revenue recognition

Rental income is recognized on an accrual basis based on the occupancy agreement. The Cooperative recognizes revenue on its portion of the gain/loss on residential housing units on disposition. Other income is recognized only to the extent received or receivable. Membership fees are due at the time of applying for membership and are recognized on a receipt basis.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

Residential housing units

The Co-operative recognized only its share of the investment which is measured at cost in the residential housing units. When members buy back the Co-operative share of investments, the residential housing units are transferred to the members. During the year, if any members fulfilled the requirements of their occupancy agreement, the residential housing units were transferred to them.

Impairment of long-lived assets

These items are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying value of an asset exceeds its estimated recoverable amount, an impairment charge is recognized by the amount which the carrying amount of the asset exceeds the fair value of the asset.

Financial instruments

Measurement of financial instruments

The Co-operative initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Co-operative subsequently measures all its financial assets and financial liabilities at amortized cost, 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 amortized cost include cash, accounts receivable, due from related parties, other receivables and investments.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities and due to related parties.

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 or by adjusting the allowance account, provided it is no 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 Co-operative recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

3. INVESTMENTS

The investments represent investments in shares of related companies due to common control and are recorded at cost.

4. RELATED PARTY TRANSACTIONS

The following summarizes the Co-operative's related party transactions for the year. They are related due to common control.

| | 2013 \$ | 2012 \$ |
|--------------------|------------|------------|
| Other income | 375,238 | 395,000 |
| Administration | 120,000 | 100,000 |
| Rent and utilities | 31,500 | 30,000 |

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. DUE FROM RELATED PARTIES

The parties are related due to common control. These transactions are in the normal course of business, the amounts are non-interest bearing, unsecured and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. DUE TO RELATED PARTIES

The following balances are due to related parties under common control:

| | 2013 \$ | 2012 \$ |
|---|------------|------------|
| Ansar Co-operative Housing Corporation Ltd. | 120,000 | 100,000_ |

These transactions are in the normal course of business, the amounts are non-interest bearing, unsecured and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

7. REAL ESTATE

Real estate represents 50% ownership interest at 2200 South Sheridan Way, Mississauga, Ontario.

8. SHARE CAPITAL

| 2012 \$ | 2013 \$ | | Issued | Authorized |
|------------|------------|---|---------|------------|
| 27,266,600 | 28,217,800 | Co-operative membership shares Value \$100 each | 282,178 | 300,000 |
| 6,136,800 | 6,145,300 | Class "A" Co-operative preference shares Value \$100 each, redeemable \$100 each | 61,453 | 200,000 |
| 100 | 100 | Class "G" Co-operative preference shares Value \$10 each, redeemable \$10 each | 10 | 10 |
| 33,403,500 | 34,363,200 | | | |

During the year, there was a net increase of 9,512 Co-operative membership shares due to the issuance of patronage stock dividends in the amount of \$951,200.

During the year, there was a net increase of 85 Class "A" Co-operative preference shares due to the issuance of patronage stock dividends in the amount of \$8,500.

9. REVENUE

| | 2013 | 2012 |
|--|-----------|-----------|
| | \$ | \$ |
| Rental income | 716,328 | 746,157 |
| Other income (note 4) | 375,332 | 396,000 |
| Gain on disposition of residential housing units | 173,100 | 140,000 |
| Membership fees | 2,250 | 225 |
| | 1,267,010 | 1,282,382 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

10. OTHER RECEIVABLES

These amounts are non-interest bearing and unsecured. There are no fixed terms of repayment.

| | 2013 \$ | 2012 \$ |
|-----------------------------------|------------|------------|
| Canadian Islamic Trust Foundation | 3.408.378 | 3,408,378 |

11. FINANCIAL INSTRUMENTS

Risk management

The Co-operative is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the balance sheet date.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. The Co-operative does not have significant credit risk with respect to rent receivable because the properties are in the name of the Co-operative. A significant portion of accounts receivable was collected subsequent to the year-end. The Co-operative minimizes the credit risk of cash by keeping cash with credit worthy financial institutions.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Co-operative's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due.

There is a risk that the members may demand redemption of their shares. Management believes that the Co-operative is not exposed to significant risk on the redemption of patronage stock dividend and shares, because the directors have the discretion to pay cash based on availability of adequate cash.

Interest rate risk

The Co-operative is not exposed to interest rate risks since it does not use interest bearing financial instruments.

Currency Risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Co-operative is not exposed to any significant foreign currency risk.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

Other Price Risk

Equity and other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk). The Co-operative is not subject to significant equity and other price risk.

12. COMPARATIVE FINANCIAL INFORMATION

Certain prior year amounts were reclassified to conform to the current year's presentation.



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alamin-rrsp.com

416.298-0229 | †

info@alamin-rrsp.com

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Ansar Financial Group

interest-free investments

Dedicated and Exemplary Service
To the Community by the Community



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