

Financial Statements of

**TORONTO JAPANESE  
ASSOCIATION OF COMMERCE  
AND INDUSTRY**

Year ended December 31, 2018

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of the Toronto Japanese Association of Commerce and Industry

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Toronto Japanese Association of Commerce and Industry, which comprise the statement of financial position as at December 31, 2018 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**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

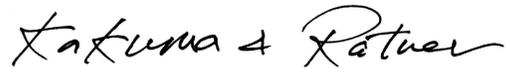
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Toronto Japanese Association of Commerce and Industry. as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Report on Other Legal and Regulatory Requirements**

As required by the Corporations Act (Ontario), we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



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

Oakville, Canada  
February 22, 2019

# TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Statement of Financial Position  
As at December 31, 2018

	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 60,612	\$ 123,127
Short-term investment (note 3)	250,000	200,000
Accounts receivable	1,049	3,052
Harmonized sales tax recoverable	1,590	3,254
Prepaid expenses	24,284	12,707
	<u>\$ 337,535</u>	<u>\$ 342,140</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 19,939	\$ 26,976
Payroll remittance payable	3,052	3,108
Deferred revenue	5,410	4,715
	<u>28,401</u>	<u>34,799</u>
Commitments (note 4)		
Unrestricted net assets	309,134	307,341
	<u>\$ 337,535</u>	<u>\$ 342,140</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

## Statement of Operations and Changes in Net Assets Year ended December 31, 2018

	2018	2017
Revenue:		
Membership fees	\$ 311,022	\$ 298,187
Event - Cultural	34,137	46,768
Event - Fundraising	21,280	21,140
Event - Athletics	11,407	10,735
Interest and other income	4,681	2,695
	<u>382,527</u>	<u>379,525</u>
Expenses:		
Administration (note 6)	210,237	225,391
Event - Cultural	84,260	89,462
Education (note 5)	40,000	30,000
Donations	21,130	21,140
Event - Athletics	12,597	12,930
Community relations	6,525	-
Public relations	5,985	5,101
	<u>380,734</u>	<u>384,024</u>
Excess of revenue over expenses (expenses over revenue)	1,793	(4,499)
Unrestricted net assets, beginning of year	307,341	311,840
Unrestricted net assets, end of year	<u>\$ 309,134</u>	<u>\$ 307,341</u>

See accompanying notes to financial statements.

# TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

## Statement of Cash Flows Year ended December 31, 2018

	2018	2017
Cash provided by (used in):		
Cash flows from operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ 1,793	\$ (4,499)
Change in non-cash operating working capital:		
Accounts receivable	2,003	(1,475)
Harmonized sales tax recoverable	1,664	173
Prepaid expenses	(11,577)	(561)
Accounts payable and accrued liabilities	(7,037)	17,732
Payroll remittance payable	(56)	14
Deferred revenue	695	(4,045)
	(12,515)	7,339
Cash flows from investing activities:		
Proceeds on maturity of short-term investments	400,000	400,808
Investment in short-term investments	(450,000)	(400,808)
	(50,000)	-
(Decrease) increase in cash and cash equivalents	(62,515)	7,339
Cash and cash equivalents, beginning of year	123,127	115,788
Cash and cash equivalents, end of year	\$ 60,612	\$ 123,127
Cash and cash equivalents represented by:		
Cash	\$ 60,612	\$ 73,127
Short-term deposits	-	50,000
	\$ 60,612	\$ 123,127

See accompanying notes to financial statements.

# TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Notes to Financial Statements  
Year ended December 31, 2018

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## 1. Organization:

Toronto Japanese Association of Commerce and Industry (“Association”) was incorporated under the Corporations Act (Ontario) to promote friendly relations between Canada and Japan through economic, commercial and industrial activities or exchanges. Members of the Association consist of Japanese corporations, representative offices and individuals in the Province of Ontario. The Association helps to unite the Toronto Japanese business community and to promote and protect its interests.

The Association is a non-profit organization and files under Section 149 (1) (1) of the Income Tax Act (Canada) as a tax exempt organization.

## 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### (a) *Cash and cash equivalents:*

Cash and cash equivalents consist of cash, cash on deposit and short-term investments with maturities of 90 days or less.

### (b) *Revenue recognition:*

Membership fees are recorded as revenue over the term of the membership and interest income is recorded as earned.

Fees for events and amounts raised for distribution to charities and other external organizations as part of the charge for an event are recorded as revenue when events are held. The amount raised for distribution is recorded as a liability.

Investment income is unrestricted and recognized as revenue when earned.

# TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Notes to Financial Statements  
Year ended December 31, 2018

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## 2. Significant accounting policies (continued):

### (c) *Foreign currency translation:*

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date. Non-monetary assets, income and expenses are translated at rates approximating the rate of exchange prevailing on the dates of the transactions. Gains and losses on foreign currency translation are included in the statement of operations.

### (d) *Financial instruments:*

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (e) *Use of estimates:*

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

# TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Notes to Financial Statements  
Year ended December 31, 2018

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## 2. Significant accounting policies (continued):

(f) *Allocation of expenses:*

The costs of personnel and other expenses directly related to functions are allocated to each function. General support and other costs are not allocated.

(g) *Contributed materials and services:*

Contributed materials and services are not recorded in the financial statements.

(h) *Controlled not-for-profit organizations:*

Controlled not-for-profit organizations are not consolidated. Instead, the Association discloses the summarized financial statements of any controlled organizations.

## 3. Short-term investment:

Short-term investment represents a guaranteed investment certificate ("GIC") issued on December 21, 2018 (2017 - December 22, 2017), maturing on June 21, 2019 (2017 - June 15, 2018), yielding interest of 2.09% (2017 - 1.41%) per annum.

## 4. Commitments:

Under the terms of operating leases in existence as at December 31, 2018, the Association will be committed to future minimum annual lease payments, including estimated operating costs, for its premises as follows:

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2019	\$	23,934
2020		23,934
2021		7,978
Thereafter		-
	\$	55,846

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# TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Notes to Financial Statements  
Year ended December 31, 2018

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## 5. Japanese School of Toronto Shokokai Inc.:

The Association has control over the Japanese School of Toronto Shokokai Inc. [the “School”], a not-for-profit organization incorporated under the Corporations Act (Ontario), since the School’s Board of Directors consists of the Association’s members. The School is a Saturday community school providing academic programs for Japanese speaking students.

The School's audited financial statements as at and for the year ended March 31, 2018 and 2017 include the following information:

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	2018	2017
Assets	\$ 721,997	\$ 668,135
Liabilities	210,174	224,962
Net assets	511,823	443,173
Revenues	1,309,356	1,295,983
Expenses	1,240,706	1,155,752
Excess of revenue over expenses	68,650	140,231
Cash flow from operating activities	\$ 59,560	\$ 260,531
Cash flows used in investing activities	(7,774)	(22,209)

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During the year, \$40,000 (2017 - \$30,000) was approved by the Association to the School as educational support. This contribution has been recorded in education expenses in the statement of revenue and expenses and changes in unrestricted net assets.

# TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Notes to Financial Statements  
Year ended December 31, 2018

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## 6. Administrative expenses:

Administrative expenses consist of the following:

	2018	2017
Salaries and benefits	\$ 152,218	\$ 155,264
Office rent	20,563	23,449
Professional fees	15,873	23,758
Insurance	6,198	6,211
Other	15,385	16,709
	<u>\$ 210,237</u>	<u>\$ 225,391</u>

## 7. Financial instruments:

### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association manages this risk by monitoring working capital and cash flows needs. There has been no change to the Association's exposure to liquidity risk since the previous period.