

Financial Statements

**Toronto Japanese Association of
Commerce and Industry**

December 31, 2013

INDEPENDENT AUDITORS' 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 balance sheet as at December 31, 2013 and the statements of revenue and expenses and changes in unrestricted 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.

Auditors' 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 auditors' 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 auditors consider 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 audit 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, 2013 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.

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.

Toronto, Canada,
February 26, 2014.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto Japanese Association of Commerce and Industry

BALANCE SHEET

As at December 31

	2013	2012
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	127,532	127,537
Short-term deposit <i>[note 3]</i>	200,000	180,000
HST/GST recoverable	3,242	1,768
Prepaid expenses and other assets	11,322	7,390
	<u>342,096</u>	<u>316,695</u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current		
Accrued liabilities <i>[note 4]</i>	16,185	42,414
Deferred revenue	3,885	3,725
Total current liabilities	<u>20,070</u>	<u>46,139</u>
Unrestricted net assets	<u>322,026</u>	<u>270,556</u>
	<u>342,096</u>	<u>316,695</u>

See accompanying notes

On behalf of the Board:

Director

Director



Toronto Japanese Association of Commerce and Industry

STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN UNRESTRICTED NET ASSETS

Years ended December 31

	2013	2012
	\$	\$
REVENUE		
Membership fees	308,408	297,878
Interest and other income	2,163	1,764
Event - Athletics	10,248	11,275
Event - Cultural	10,412	11,217
Donation	20,500	21,455
	<u>351,731</u>	<u>343,589</u>
EXPENSES		
Administration <i>[note 6]</i>	198,265	194,574
Education <i>[note 5]</i>	10,000	48,000
Community relations	5,815	12,240
Public relations	5,376	4,871
Event - Athletics	13,372	12,420
Event - Cultural	46,933	35,421
Donation	20,500	21,445
	<u>300,261</u>	<u>328,971</u>
Excess of revenue over expenses for the year	51,470	14,618
Unrestricted net assets, beginning of year	270,556	255,938
Unrestricted net assets, end of year	<u>322,026</u>	<u>270,556</u>

See accompanying notes



Toronto Japanese Association of Commerce and Industry

STATEMENT OF CASH FLOWS

Years ended December 31

	2013	2012
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	51,470	14,618
Net change in non-cash working capital balances related to operations	(31,475)	28,558
Cash provided by operating activities	19,995	43,176
INVESTING ACTIVITIES		
Redemption of short-term deposit	180,000	150,000
Investment in short-term deposit	(200,000)	(180,000)
Cash used in investing activities	(20,000)	(30,000)
Net (decrease) increase in cash and cash equivalents during the year	(5)	13,176
Cash and cash equivalents, beginning of year	127,537	114,361
Cash and cash equivalents, end of year	127,532	127,537

See accompanying notes



Toronto Japanese Association of Commerce and Industry

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1. ORGANIZATION

Toronto Japanese Association of Commerce and Industry [the "Association"] was incorporated under the Corporation 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the CPA Canada Handbook - Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Contributions are recognized in the accounts when received or receivable if the amount to be received can be estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue when recorded in the accounts. Contributions externally restricted are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

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

Event fees are recorded as revenue when events are held.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short maturity of approximately three months or less from the date of purchase.

Toronto Japanese Association of Commerce and Industry

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

Short-term deposits

Short-term deposits with original maturities of greater than three months and remaining maturities of less than one year are classified as short-term deposits.

Capital assets

Capital assets are expensed as purchased. The Association has tangible capital assets consisting primarily of office furniture and equipment.

Contributed materials and services

Contributed materials and services are recorded at fair market value where such value can be reasonably estimated, and when the materials and services are used in the normal course of the Association's operations and would otherwise have been purchased.

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.

3. SHORT-TERM DEPOSIT

The Association's short-term deposit as at December 31, 2013 bears interest at 0.77% [2012 - 0.77%] and matures on June 13, 2014 [2012 - June 14, 2013].

4. GOVERNMENT REMITTANCES PAYABLE

As at December 31, 2013, accrued liabilities include government remittances payable of \$3,062 [December 31, 2012 - \$2,466].

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 Corporation 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 Association has a policy to disclose the School's financial statements instead of consolidation.

Toronto Japanese Association of Commerce and Industry

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

The School's audited financial statements as at and for the year ended March 31, 2013 and 2012 include the following information:

	2013	2012
	\$	\$
Assets	443,642	455,793
Liabilities	107,800	109,660
Net assets	335,842	346,133
Revenue	935,493	902,041
Expenses	945,784	885,772
Cash flows used in operating activities	38,427	(12,741)
Cash flows used in investing activities	(1,652)	(2,504)

During the year, \$10,000 [2012 - \$48,000] was contributed by the Association to the School as educational support. This contribution has been recorded in education expenses in the statements of revenue and expenses and changes in unrestricted net assets.

6. ADMINISTRATION EXPENSES

Administration expenses consist of the following:

	2013	2012
	\$	\$
Salaries and benefits	144,724	136,158
Office rent	24,192	23,921
Other	29,349	34,495
	198,265	194,574

7. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2013 financial statements.