

Financial Statements

**Toronto Japanese Association of  
Commerce and Industry**

December 31, 2015



# 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, 2015 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 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, 2015 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 18, 2016

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# Toronto Japanese Association of Commerce and Industry

## BALANCE SHEET

As at December 31

	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	52,244	118,826
Short-term deposits <i>[note 3]</i>	250,000	250,000
HST/GST recoverable	3,943	2,924
Prepaid expenses and other assets	30,887	3,887
<b>Total current assets</b>	<b>337,074</b>	<b>375,637</b>
Other assets	—	4,496
	<b>337,074</b>	<b>380,133</b>
<b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>		
<b>Current</b>		
Accrued liabilities <i>[note 4]</i>	13,286	64,320
Deferred revenue	9,400	6,577
<b>Total current liabilities</b>	<b>22,686</b>	<b>70,897</b>
<b>Unrestricted net assets</b>	<b>314,388</b>	<b>309,236</b>
	<b>337,074</b>	<b>380,133</b>

*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

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>REVENUE</b>		
Membership fees	<b>300,630</b>	307,955
Interest and other income	<b>1,740</b>	2,696
Event - Athletics	<b>9,859</b>	11,043
Event - Cultural	<b>37,799</b>	25,247
Event - Fundraising	<b>20,890</b>	23,560
	<b>370,918</b>	370,501
<b>EXPENSES</b>		
Administration <i>[note 6]</i>	<b>199,769</b>	203,446
Education <i>[note 5]</i>	<b>35,000</b>	51,133
Community relations	<b>10,751</b>	11,839
Public relations	<b>4,500</b>	5,423
Event - Athletics	<b>12,394</b>	14,616
Event - Cultural	<b>82,462</b>	73,274
Donation	<b>20,890</b>	23,560
	<b>365,766</b>	383,291
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>5,152</b>	(12,790)
Unrestricted net assets, beginning of year	<b>309,236</b>	322,026
<b>Unrestricted net assets, end of year</b>	<b>314,388</b>	309,236

*See accompanying notes*

**Toronto Japanese Association of Commerce and Industry**

**STATEMENT OF CASH FLOWS**

Years ended December 31

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses for the year	<b>5,152</b>	(12,790)
Net change in non-cash working capital balances related to operations	<b>(71,734)</b>	54,084
<b>Cash (used in) provided by operating activities</b>	<b>(66,582)</b>	41,294
<b>INVESTING ACTIVITIES</b>		
Redemption of short-term deposit	<b>250,000</b>	200,000
Investment in short-term deposit	<b>(250,000)</b>	(250,000)
<b>Cash used in investing activities</b>	<b>—</b>	(50,000)
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(66,582)</b>	(8,706)
Cash and cash equivalents, beginning of year	<b>118,826</b>	127,532
<b>Cash and cash equivalents, end of year</b>	<b>52,244</b>	118,826

*See accompanying notes*

# **Toronto Japanese Association of Commerce and Industry**

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2015

### **1. ORGANIZATION**

Toronto Japanese Association of Commerce and Industry [the “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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Part III of the CPA Canada Handbook – Accounting, 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**

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.

#### **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, 2015

**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.

**Contributed materials and services**

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

**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.

**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 DEPOSIT**

The Association's short-term deposit as at December 31, 2015 bears interest at 0.64% [2014 – 0.77%] and matures on June 15, 2016 [2014 – matured on June 15, 2015].

**4. GOVERNMENT REMITTANCES PAYABLE**

As at December 31, 2015, accrued liabilities include government remittances payable of \$3,610 [2014 – \$2,985].



## Toronto Japanese Association of Commerce and Industry

### NOTES TO FINANCIAL STATEMENTS

December 31, 2015

#### 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 years ended March 31, 2015 and 2014 include the following information:

	<b>2015</b>	<b>2014</b>
	\$	\$
Assets	<b>527,438</b>	500,151
Liabilities	<b>213,890</b>	208,050
<b>Net assets</b>	<b>313,548</b>	292,101
Revenue	<b>1,170,857</b>	1,074,100
Expenses	<b>1,149,410</b>	1,017,256
Cash flows (used in) operating activities	<b>(15,718)</b>	(30,862)
Cash flows used in investing activities	<b>(8,563)</b>	(5,391)

During the year, \$35,000 [2014 – \$50,000] 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.

#### 6. ADMINISTRATION EXPENSES

Administration expenses consist of the following:

	<b>2015</b>	<b>2014</b>
	\$	\$
Salaries and benefits	<b>149,919</b>	147,631
Office rent	<b>24,574</b>	23,928
Other	<b>25,276</b>	31,887
	<b>199,769</b>	203,446

**Toronto Japanese Association of Commerce and Industry**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015

**7. COMMITMENTS**

Under the terms of operating leases in existence as at December 31, 2015, the Association will be committed to future minimum annual lease payments for premises as follows:

	<b>2015</b>
	\$
	<hr/>
2016	<b>8,054</b>
	<hr/>
	<b>8,054</b>
	<hr/>

