

Financial Statements of

**TORONTO JAPANESE
ASSOCIATION OF COMMERCE
AND INDUSTRY**

Year ended December 31, 2020

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Toronto Japanese Association of Commerce and Industry ("the Association"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Toronto Japanese Association of Commerce and Industry as at December 31, 2020, 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 of Opinion

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

Responsibilities of Management and Those Charged with Governance 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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.

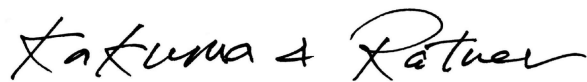
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 our 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association 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.

We 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 we identify during our audit.

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.



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

Oakville, Canada
February 26, 2021

TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Statement of Financial Position
As at December 31, 2020

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 120,571	\$ 68,623
Short-term investment (note 3)	250,000	250,000
Accounts receivable	17,664	5,351
Harmonized sales tax recoverable	820	2,844
Prepaid expenses	6,944	29,131
	<u>\$ 395,999</u>	<u>\$ 355,949</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 34,037	\$ 24,597
Payroll remittance payable	3,183	3,176
Deferred revenue	2,870	6,935
	<u>40,090</u>	<u>34,708</u>
Commitments (note 4)		
Unrestricted net assets	355,909	321,241
	<u>\$ 395,999</u>	<u>\$ 355,949</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, 2020

	2020	2019
Revenue:		
Membership fees	\$ 314,810	\$ 322,269
Event - Cultural	21,026	35,836
Event - Fundraising	8,200	19,385
Interest and other income	2,669	4,724
Event - Athletics	-	13,270
	346,705	395,484
Expenses:		
Administration (note 6)	204,520	214,995
Education (note 5)	50,000	40,000
Event - Cultural	43,996	83,900
Donations	8,200	19,115
Public relations	5,321	5,357
Event - Athletics	-	13,555
Community relations	-	6,455
	312,037	383,377
Excess of revenue over expenses	34,668	12,107
Unrestricted net assets, beginning of year	321,241	309,134
Unrestricted net assets, end of year	\$ 355,909	\$ 321,241

See accompanying notes to financial statements.

TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Statement of Cash Flows

Year ended December 31, 2020

	2020	2019
Cash provided by (used in):		
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 34,668	\$ 12,107
Change in non-cash operating working capital:		
Accounts receivable	(12,313)	(4,302)
Harmonized sales tax recoverable	2,024	(1,254)
Prepaid expenses	22,187	(4,847)
Accounts payable and accrued liabilities	9,440	4,658
Payroll remittance payable	7	124
Deferred revenue	(4,065)	1,525
	51,948	8,011
Cash flows from investing activities:		
Proceeds on maturity of short-term investments	500,000	500,000
Investment in short-term investments	(500,000)	(500,000)
	-	-
Increase in cash and cash position	51,948	8,011
Cash position, beginning of year	68,623	60,612
Cash position, end of year	\$ 120,571	\$ 68,623

See accompanying notes to financial statements.

TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Notes to Financial Statements
Year ended December 31, 2020

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) *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.

(b) *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.

TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Notes to Financial Statements
Year ended December 31, 2020

2. Significant accounting policies (continued):

(c) *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.

(d) *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.

(e) *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.

TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Notes to Financial Statements
Year ended December 31, 2020

2. Significant accounting policies (continued):

(f) *Contributed materials and services:*

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

(g) *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 18, 2020 (2019 - December 18, 2019), maturing on June 18, 2021 (2019 - June 18, 2020), yielding interest of 0.33% (2019 - 1.75%) per annum.

4. Commitments:

Under the terms of operating leases in existence as at December 31, 2020, the Association will be committed to future minimum annual lease payments, including estimated operating costs, for its premises as follows:

2021	\$	7,952
Thereafter		-
	\$	7,952

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, 2019 and 2018 include the following information:

TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Notes to Financial Statements
Year ended December 31, 2020

5. Japanese School of Toronto Shokokai Inc. (continued):

	2020	2019
Assets	\$ 714,298	\$ 599,238
Liabilities	\$ 234,783	\$ 223,322
Net assets	\$ 479,515	\$ 375,916
Revenues	\$ 1,336,965	\$ 1,314,365
Expenses	\$ 1,233,366	\$ 1,329,511
Excess of revenue over expenses (expenses over revenue)	\$ 103,599	\$ (15,146)
Cash flow used in operating activities	\$ (8,319)	\$ (142,064)
Cash flows used in investing activities	\$ (106,890)	\$ (8,264)
Decrease in cash position	\$ (115,209)	\$ (150,328)

During the year, \$50,000 (2019 - \$40,000) 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. Administrative expenses:

Administrative expenses consist of the following:

	2020	2019
Salaries and benefits	\$ 150,704	\$ 154,921
Office rent	23,373	23,586
Professional fees	14,376	17,087
Insurance	6,294	6,230
Other	9,773	13,171
	\$ 204,520	\$ 214,995

TORONTO JAPANESE ASSOCIATION OF COMMERCE AND INDUSTRY

Notes to Financial Statements
Year ended December 31, 2020

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.