

VIETNAMESE ASSOCIATION, TORONTO

FINANCIAL STATEMENTS

OCTOBER 31, 2020

VIETNAMESE ASSOCIATION, TORONTO

OCTOBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Vietnamese Association, Toronto

Qualified Opinion

We have audited the accompanying financial statements of **Vietnamese Association, Toronto**, which comprise the statement of financial position as at October 31, 2020 and the statements of revenues and expenditures and 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, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of **Vietnamese Association, Toronto** as at October 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 for Qualified Opinion

In common with similar charitable organizations, Vietnamese Association, Toronto derives part of its revenue from the general public in the form of donations, fees and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, assets and net assets.

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 qualified 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 Company 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 it 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 judgement 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, misrepresentation, 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.

Toronto, Canada
April 21, 2021


Chartered Professional Accountants
Licensed Public Accountants

VIETNAMESE ASSOCIATION, TORONTO

STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents [Note 3]	\$ 249,531	\$ 253,139
Grants and accounts receivable	30,509	35,938
Prepaid expenses and deposits	<u>8,255</u>	<u>54,049</u>
	288,295	343,126
PROPERTY, PLANT AND EQUIPMENT [Note 4]	<u>172,593</u>	<u>180,386</u>
	<u>\$ 460,888</u>	<u>\$ 523,512</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities [Note 5]	\$ 30,661	\$ 29,453
Deferred revenue	<u>53,123</u>	<u>67,257</u>
	83,784	96,710
DEFERRED CAPITAL CONTRIBUTIONS [Note 6]	<u>32,203</u>	<u>36,405</u>
	<u>115,987</u>	<u>133,115</u>
NET ASSETS		
INVESTED IN PROPERTY, PLANT AND EQUIPMENT	145,143	148,734
UNRESTRICTED NET ASSETS	<u>199,758</u>	<u>241,663</u>
	<u>344,901</u>	<u>390,397</u>
	<u>\$ 460,888</u>	<u>\$ 523,512</u>

APPROVED BY THE EXECUTIVE DIRECTOR:



VIETNAMESE ASSOCIATION, TORONTO
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED OCTOBER 31, 2020

	Invested in property, plant and equipment	Unrestricted net assets	2020 Total	2019 Total
BALANCE - Beginning of year	\$ 148,734	\$ 241,663	\$ 390,397	\$ 389,262
Excess of revenues over expenditures	-	(45,496)	(45,496)	1,135
Amortization	(7,794)	7,794	-	-
Amortization of deferred capital contributions	4,203	(4,203)	-	-
BALANCE - End of year	\$ 145,143	\$ 199,758	\$ 344,901	\$ 390,397

VIETNAMESE ASSOCIATION, TORONTO
STATEMENT OF REVENUES AND EXPENDITURES AND NET ASSETS
YEAR ENDED OCTOBER 31, 2020

	2020	2019
REVENUES		
Grants		
Government of Canada programs	\$ 736,855	\$ 713,636
City of Toronto	5,559	12,985
Centre for Addiction and Mental Health	6,657	12,052
Government of Ontario programs	-	1,376
	<u>749,071</u>	<u>740,049</u>
Other contributions		
Hoi Cho Tet festival	132,036	181,335
Fundraising and special projects	21,386	28,925
Rental income	12,600	12,600
Amortization of deferred capital contributions [Note 6]	4,203	5,282
Membership fees and sundry	170	2,216
Donations	653	1,448
Scholarships	9,350	-
	<u>180,398</u>	<u>231,806</u>
	<u>929,469</u>	<u>971,855</u>
EXPENDITURES		
Salaries, wages and benefits	562,785	554,867
Hoi Cho Tet festival expenses	204,919	194,393
Occupancy costs	88,756	82,834
Other programs	42,028	58,678
Promotion and publicity	11,657	29,407
Office and general	32,706	26,890
Purchased services	14,320	14,525
Amortization	7,794	9,126
Scholarships	10,000	-
	<u>974,965</u>	<u>970,720</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45,496)	1,135
NET ASSETS - Beginning of year	<u>390,397</u>	<u>389,262</u>
NET ASSETS - End of year	<u>\$ 344,901</u>	<u>\$ 390,397</u>

VIETNAMESE ASSOCIATION, TORONTO

STATEMENT OF CASH FLOWS

YEAR ENDED OCTOBER 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ (45,496)	\$ 1,135
Adjustment for		
Amortization	7,794	9,126
Amortization of deferred capital contributions	<u>(4,202)</u>	<u>(5,282)</u>
	(41,904)	4,979
Net changes in non-cash working capital		
Grants and accounts receivable	5,429	1,415
Prepaid expenses and deposits	45,794	(7,945)
Accounts payable and accrued liabilities	1,207	(1,360)
Deferred revenue	<u>(14,134)</u>	<u>(57,284)</u>
	<u>(3,608)</u>	<u>(60,195)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,608)	(60,195)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>253,139</u>	<u>313,334</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 249,531</u>	<u>\$ 253,139</u>

VIETNAMESE ASSOCIATION, TORONTO

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2020

NATURE OF OPERATIONS

The Vietnamese Association, Toronto (the "Association") was incorporated as a not-for-profit corporation without share capital under the laws of Ontario. The Association is registered with the Canada Revenue Agency as a charitable organization and, accordingly, is exempt from income tax. The Association's main objective is to provide assistance to Toronto's Vietnamese community in Toronto and surrounding areas, and to those from Vietnam and other countries who are newcomers to the greater Toronto area. In addition to providing settlement services, the Association organizes and supports cultural activities such as festivals and shows, as well as educational initiatives both for the Vietnamese community and the community at large.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) which are part of Canadian generally accepted accounting principles.

(b) Revenue recognition

The Association follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recognized on a cash basis since pledges are not legally enforceable claims. Restricted contributions are initially deferred and are recognized as revenue in the period in which the related expenses are incurred.

Service revenue is recorded as revenue when the services are provided. Rental income is recognized at the beginning of the month.

(c) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned course of action. Significant estimates include the estimated useful life of property, plant and equipment. Actual results may differ from such estimates.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *[Continued]*

(d) **Amortization**

Property, plant and equipment are recorded at cost. Amortization is charged to expenditures over the estimated useful life of the asset on the following basis:

Building.....	5%	Declining balance
Building improvements.....	5%	Declining balance
Building improvements - North York.....	25%	Declining balance
Office equipment.....	20%	Declining balance
Computer equipment.....	30%	Declining balance

Restricted grants are deferred and amortized to revenue at the same rate as the specified assets.

The Association reviews equipment for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When indicators of impairment exist, and the carrying value is greater than the net recoverable amount, an impairment loss is recognized to the extent that fair value is below carrying value.

(e) **Contributed services**

Volunteers contribute their time to assist the Association in carrying out its services. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

(f) **Financial instruments**

The Association recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net income. Any previously recognized impairment losses may be reversed to the extent of the improvement directly, or by adjusting an 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 and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenditures for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at their amortized cost or cost.

The Association's financial instruments include cash and cash equivalents, grants and accounts receivable, and accounts payable and accrued liabilities. Cash and cash equivalents are subsequently measured at fair value, while the other financial assets and liabilities are subsequently measured at their amortized cost.

Unless otherwise noted, the carrying value of the financial instruments are a reasonable approximation of their fair value given the short terms to maturity.

2. COVID-19 PANDEMIC

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has had significant financial, market and social impacts. Following direction and legislation from the Canadian government through Immigration, Refugees and Citizenship Canada (IRCC) as well as the province of Ontario, the Association was obligated to significantly alter its operations. Staff were directed to work from home to provide remote settlement services and COVID related assistance to newcomers when the first lockdown was legislated on March 18, 2020. The Association reopened its offices on September 8, 2020 when the emergency measures were lifted, and has remained open and functional even through the second and third lockdowns, although by appointment only. IRCC has renewed commitment to the Association with a five-year Contribution Agreement for the period 2020 to 2025, and the IRCC Minister has announced repeatedly that Canada will maintain its target of immigration growth to build and expand the Canadian economy. Therefore, while the Association has adapted through the pandemic and altered its traditional method of strict face-to-face settlement services to a combination of person-to-person and online services, its revenue from government funding is not expected to be affected by the pandemic.

Most of the community activities held by the Association were conducted virtually for the year ended October 31, 2020 and the Association will continue this for the foreseeable future until restrictions are lifted.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of cash on deposit less outstanding cheques.

4. PROPERTY, PLANT AND EQUIPMENT

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Building	77,073	64,884	12,189	12,830
Building improvements	193,045	117,570	75,475	79,447
Building improvements - North York	21,928	21,407	521	695
Office equipment	104,115	98,372	5,743	7,179
Computer equipment	78,112	74,447	3,665	5,235
	\$ 549,273	\$ 376,680	\$ 172,593	\$ 180,386

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$11,613 {2019 - \$10,010}.

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions for the purchase of capital assets. Annual amortization of deferred capital contributions is recorded as revenue in the statement of revenues and expenditures. The changes in the deferred capital contributions balance are as follows:

	2020	2019
Balance - beginning of year	\$ 36,405	\$ 41,687
Deduct amortization of deferred capital contributions	(4,202)	(5,282)
Balance - end of year	<u>\$ 32,203</u>	<u>\$ 36,405</u>

7. BANK LINE OF CREDIT

The Association has available to it a credit facility in the principal amount of \$120,000 Canadian dollars or the U.S. dollar equivalent amount. This line of credit is secured by the building located at 1364 Dundas Street West, Toronto and bears interest at a rate of bank prime plus 2.125% per annum. As at October 31, 2020, the Association had utilized \$Nil {2019 - \$Nil} of this credit facility.

8. LEASE COMMITMENTS

Future minimum annual commitments under operating leases for equipment and premises are approximately as follows:

	<u>Equipment</u>	<u>Premises</u>	<u>Total</u>
2021	\$ 4,350	\$ 39,691	\$ 44,041
2022	4,350	15,826	20,176
2023	2,175	-	2,175

9. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentration at October 31, 2020.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available.

9. FINANCIAL INSTRUMENTS *[Continued]***(b) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is dependant on continued funding from various Government programs.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Association is not exposed to any currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its credit facility and manages this risk by attempting to minimize the amount outstanding on its line of credit.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is not exposed to any other price risk.

10. ECONOMIC DEPENDENCE

The Association derives 76% {2019 - 71%} of its revenue from funding provided under an Immigration, Refugees and Citizenship Canada program.
