

VIETNAMESE ASSOCIATION, TORONTO

FINANCIAL STATEMENTS

OCTOBER 31, 2015

VIETNAMESE ASSOCIATION, TORONTO

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Vietnamese Association, Toronto

We have audited the accompanying financial statements of **Vietnamese Association, Toronto**, which comprise the statement of financial position as at October 31, 2015 and the statements of revenues and expenditures and 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 the 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 plan and perform an 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 judgement, 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 controls 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 controls. 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 that we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

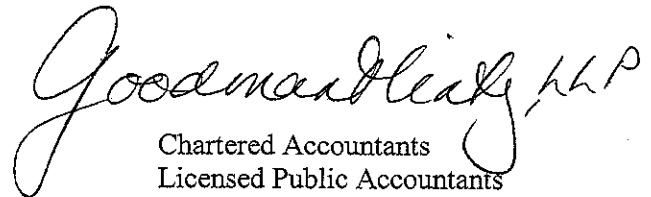
Basis for Qualified Opinion

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.

Qualified Opinion

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, 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.

Toronto, Canada
April 19, 2016


Chartered Accountants
Licensed Public Accountants

VIETNAMESE ASSOCIATION, TORONTO

STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash and cash equivalents [Note 2]	\$ 66,726	\$ 259,471
Grants and accounts receivable	99,977	46,856
Prepaid expenses and deposits	<u>62,391</u>	<u>59,607</u>
	229,094	365,934
PROPERTY, PLANT AND EQUIPMENT [Note 3]	<u>203,466</u>	<u>214,158</u>
	<u>\$ 432,560</u>	<u>\$ 580,092</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities [Note 4]	\$ 32,091	\$ 31,507
Deferred revenue	<u>11,963</u>	<u>160,778</u>
	44,054	192,285
DEFERRED CAPITAL CONTRIBUTIONS [Note 5]	<u>44,905</u>	<u>51,361</u>
	<u>88,959</u>	<u>243,646</u>
NET ASSETS		
INVESTED IN PROPERTY, PLANT AND EQUIPMENT	165,315	169,551
UNRESTRICTED NET ASSETS	<u>178,286</u>	<u>166,895</u>
	<u>343,601</u>	<u>336,446</u>
	<u>\$ 432,560</u>	<u>\$ 580,092</u>

APPROVED BY THE EXECUTIVE DIRECTOR:

Demant

VIETNAMESE ASSOCIATION, TORONTO
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED OCTOBER 31, 2015

	Invested in property, plant and equipment	Unrestricted net assets	2015 Total	2014 Total
BALANCE - Beginning of year	\$ 169,551	\$ 166,895	\$ 336,446	\$ 336,414
Excess of revenues over expenditures	-	7,155	7,155	32
Amortization	(10,692)	10,692	-	-
Amortization of deferred capital contributions	6,456	(6,456)	-	-
BALANCE - End of year	\$ 165,315	\$ 178,286	\$ 343,601	\$ 336,446

VIETNAMESE ASSOCIATION, TORONTO

STATEMENT OF REVENUES AND EXPENDITURES AND NET ASSETS

YEAR ENDED OCTOBER 31, 2015

	2015	2014
REVENUES		
Grants		
Government of Canada programs	\$ 637,537	\$ 654,073
City of Toronto	69,521	70,516
Centre for Addiction and Mental Health	22,916	19,983
Government of Ontario programs	<u>6,376</u>	<u>2,274</u>
	<u>736,350</u>	<u>746,846</u>
Other contributions		
Hoi Cho Tet festival	239,381	162,407
Refugee sponsorship program	114,789	-
Fundraising and special projects	47,705	14,502
Rental income	13,400	12,650
Scholarships	10,000	10,500
Amortization of deferred capital contributions [Note 5]	6,456	8,182
Membership fees and sundry	3,871	1,004
Donations	<u>2,261</u>	<u>2,560</u>
	<u>437,863</u>	<u>211,805</u>
	<u>1,174,213</u>	<u>958,651</u>
EXPENDITURES		
Salaries, wages and benefits	555,164	554,026
Hoi Cho Tet festival expenses	236,596	195,514
Refugee sponsorship program	114,767	-
Other programs	85,639	42,492
Occupancy costs	81,647	78,715
Office and general	40,717	29,319
Promotion and publicity	17,188	21,142
Purchased services	14,648	14,340
Amortization	10,692	12,571
Scholarships	<u>10,000</u>	<u>10,500</u>
	<u>1,167,058</u>	<u>958,619</u>
EXCESS OF REVENUES OVER EXPENDITURES	7,155	32
NET ASSETS - Beginning of year	<u>336,446</u>	<u>336,414</u>
NET ASSETS - End of year	<u>\$ 343,601</u>	<u>\$ 336,446</u>

VIETNAMESE ASSOCIATION, TORONTO

STATEMENT OF CASH FLOWS

YEAR ENDED OCTOBER 31, 2015

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 7,155	\$ 32
Adjustment for		
Amortization	10,692	12,571
Amortization of deferred capital contributions	<u>(6,456)</u>	<u>(8,182)</u>
	11,391	4,421
Net changes in non-cash working capital		
Grants and accounts receivable	(53,121)	320
Prepaid expenses and deposits	(2,784)	(42,099)
Accounts payable and accrued liabilities	584	1,334
Deferred revenue	<u>(148,815)</u>	<u>43,041</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(192,745)	7,017
CASH AND CASH EQUIVALENTS - Beginning of year	<u>259,471</u>	<u>252,454</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 66,726</u>	<u>\$ 259,471</u>

VIETNAMESE ASSOCIATION, TORONTO

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2015

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. 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. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and highly liquid investments.

3. PROPERTY, PLANT AND EQUIPMENT

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Building	77,073	61,321	15,752	16,582
Building improvements	193,045	95,505	97,540	102,674
Building improvements - North York	21,928	19,732	2,196	2,927
Office equipment	98,476	89,713	8,763	10,953
Computer equipment	68,894	64,679	4,215	6,022
	\$ 534,416	\$ 330,950	\$ 203,466	\$ 214,158

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$10,038 {2014 - \$10,195}.

5. 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:

	2015	2014
Balance - beginning of year	\$ 51,361	\$ 59,543
Deduct amortization of deferred capital contributions	(6,456)	(8,182)
Balance - end of year	\$ 44,905	\$ 51,361

6. 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, 2015, the Association had utilized \$Nil {2014 - \$Nil} of this credit facility.

7. LEASE COMMITMENT

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

	<u>Equipment</u>	<u>Premises</u>	<u>Total</u>
2016	\$ 5,361	\$ 17,010	\$ 22,371
2017	3,606	-	3,606
2018	3,021	-	3,021

8. 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, 2015.

(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.

(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.

8. FINANCIAL INSTRUMENTS *[Continued]***(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.

9. ECONOMIC DEPENDENCE

The Association derives 53% {2014 - 67%} of its revenue from funding provided under a Citizenship and Immigration Canada program.
