

VIETNAMESE ASSOCIATION, TORONTO

FINANCIAL STATEMENTS

OCTOBER 31, 2019

VIETNAMESE ASSOCIATION, TORONTO

OCTOBER 31, 2019

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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, 2019 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, 2019, 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, 2020


Chartered Professional Accountants
Licensed Public Accountants

VIETNAMESE ASSOCIATION, TORONTO

STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash and cash equivalents [Note 2]	\$ 253,139	\$ 313,334
Grants and accounts receivable	35,938	37,353
Prepaid expenses and deposits	<u>54,049</u>	<u>46,104</u>
	343,126	396,791
PROPERTY, PLANT AND EQUIPMENT [Note 3]	<u>180,386</u>	<u>189,514</u>
	<u>\$ 523,512</u>	<u>\$ 586,305</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities [Note 4]	\$ 29,453	\$ 30,815
Deferred revenue	<u>67,257</u>	<u>124,541</u>
	96,710	155,356
DEFERRED CAPITAL CONTRIBUTIONS [Note 5]	<u>36,405</u>	<u>41,687</u>
	<u>133,115</u>	<u>197,043</u>
NET ASSETS		
INVESTED IN PROPERTY, PLANT AND EQUIPMENT	148,734	152,578
UNRESTRICTED NET ASSETS	<u>241,663</u>	<u>236,684</u>
	<u>390,397</u>	<u>389,262</u>
	<u>\$ 523,512</u>	<u>\$ 586,305</u>

APPROVED BY THE EXECUTIVE DIRECTOR:



VIETNAMESE ASSOCIATION, TORONTO
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED OCTOBER 31, 2019

	Invested in property, plant and equipment	Unrestricted net assets	2019 Total	2018 Total
BALANCE - Beginning of year	\$ 152,578	\$ 236,684	\$ 389,262	\$ 374,386
Excess of revenues over expenditures	-	1,135	1,135	14,876
Amortization	(9,126)	9,126	-	-
Amortization of deferred capital contributions	5,282	(5,282)	-	-
BALANCE - End of year	\$ 148,734	\$ 241,663	\$ 390,397	\$ 389,262

VIETNAMESE ASSOCIATION, TORONTO
STATEMENT OF REVENUES AND EXPENDITURES AND NET ASSETS
YEAR ENDED OCTOBER 31, 2019

	2019	2018
REVENUES		
Grants		
Government of Canada programs	\$ 713,636	\$ 709,278
City of Toronto	12,985	24,744
Centre for Addiction and Mental Health	12,052	6,150
Government of Ontario programs	<u>1,376</u>	<u>13,102</u>
	<u>740,049</u>	<u>753,274</u>
Other contributions		
Hoi Cho Tet festival	181,335	218,654
Fundraising and special projects	28,925	35,419
Rental income	12,600	12,600
Amortization of deferred capital contributions [Note 5]	5,282	6,730
Membership fees and sundry	2,216	2,724
Donations	1,448	1,800
Scholarships	<u>-</u>	<u>150</u>
	<u>231,806</u>	<u>278,077</u>
	<u>971,855</u>	<u>1,031,351</u>
EXPENDITURES		
Salaries, wages and benefits	554,867	576,550
Hoi Cho Tet festival expenses	194,393	182,448
Occupancy costs	82,834	88,000
Other programs	58,678	74,231
Promotion and publicity	29,407	30,879
Office and general	26,890	31,007
Purchased services	14,525	14,491
Amortization	9,126	10,869
Scholarships	<u>-</u>	<u>8,000</u>
	<u>970,720</u>	<u>1,016,475</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,135	14,876
NET ASSETS - Beginning of year	<u>389,262</u>	<u>374,386</u>
NET ASSETS - End of year	<u>\$ 390,397</u>	<u>\$ 389,262</u>

VIETNAMESE ASSOCIATION, TORONTO

STATEMENT OF CASH FLOWS

YEAR ENDED OCTOBER 31, 2019

	2019	2018
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CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 1,135	\$ 14,876
Adjustment for		
Amortization	9,126	10,869
Amortization of deferred capital contributions	<u>(5,282)</u>	<u>(6,730)</u>
	4,979	19,015
Net changes in non-cash working capital		
Grants and accounts receivable	1,415	5,604
Prepaid expenses and deposits	(7,945)	456
Accounts payable and accrued liabilities	(1,360)	1,662
Deferred revenue	<u>(57,284)</u>	<u>(378)</u>
	<u>(60,195)</u>	<u>26,359</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for property, plant and equipment	<u>-</u>	<u>12,855</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>-</u>	<u>(12,855)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	(60,195)	26,359
 CASH AND CASH EQUIVALENTS - Beginning of year	<u>313,334</u>	<u>286,975</u>
 CASH AND CASH EQUIVALENTS - End of year	<u>\$ 253,139</u>	<u>\$ 313,334</u>
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VIETNAMESE ASSOCIATION, TORONTO

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2019

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. CASH AND CASH EQUIVALENTS

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

3. PROPERTY, PLANT AND EQUIPMENT

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Building	77,073	64,243	12,830	13,506
Building improvements	193,045	113,598	79,447	83,629
Building improvements - North York	21,928	21,233	695	926
Office equipment	104,115	96,936	7,179	8,974
Computer equipment	78,112	72,877	5,235	7,479
	\$ 549,273	\$ 368,887	\$ 180,386	\$ 189,514

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$10,010 {2018 - \$10,148}.

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:

	2019	2018
Balance - beginning of year	\$ 41,687	\$ 35,562
Add contributions for purchases of property, plant and equipment	-	12,855
Deduct amortization of deferred capital contributions	(5,282)	(6,730)
Balance - end of year	\$ 36,405	\$ 41,687

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, 2019, the Association had utilized \$Nil {2018 - \$Nil} of this credit facility.

7. 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>
2020	\$ 4,350	\$ 17,510	\$ 21,860
2021	4,350	-	4,350
2022	4,350	-	4,350
2023	4,350	-	4,350
2023	2,175	-	2,175

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, 2019.

(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 71% {2018 - 67%} of its revenue from funding provided under a Citizenship and Immigration Canada program.
