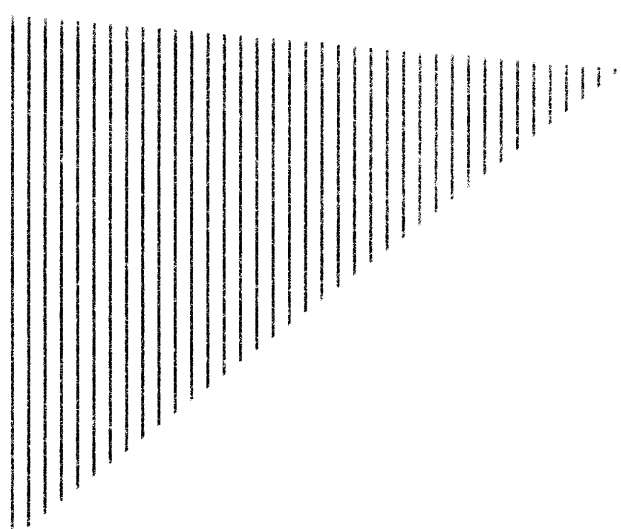


Financial Statements

**Toronto Japanese Association of
Commerce and Industry**

December 31, 2010



AUDITORS' REPORT

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

We have audited the balance sheet of the **Toronto Japanese Association of Commerce and Industry** as at December 31, 2010 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 generally accepted accounting principles, 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Toronto Japanese Association of Commerce and Industry as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canadian Act (Ontario), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 19, 2011.

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto Japanese Association of Commerce and Industry

BALANCE SHEET

As at December 31

	2010	2009
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	91,679	215,149
Short-term deposit [note 4]	150,000	—
HST / GST recoverable	2,651	839
Prepaid expenses and other	2,479	2,050
	<u>246,809</u>	<u>218,038</u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current		
Accrued liabilities	10,243	8,459
Deferred revenue	2,570	2,215
Total current liabilities	<u>12,813</u>	<u>10,674</u>
Unrestricted net assets	<u>233,996</u>	<u>207,364</u>
	<u>246,809</u>	<u>218,038</u>

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**

Year ended December 31

	2010	2009
	\$	\$
REVENUE		
Membership fees	307,250	317,982
Interest and other income	1,705	335
Event - Athletics	14,014	15,260
Event - Cultural	17,971	17,486
Donation	23,475	22,720
	<u>364,415</u>	<u>373,783</u>
EXPENSES		
Administration <i>[note 7]</i>	198,382	195,318
Education <i>[note 6]</i>	55,000	58,500
Community relations	13,471	692
Public relations	5,108	5,150
Event - Athletics	15,425	17,339
Event - Cultural	21,822	18,653
Donation	28,575	22,720
	<u>337,783</u>	<u>318,372</u>
Excess of revenue over expenses for the year	26,632	55,411
Unrestricted net assets, beginning of year	207,364	151,953
Unrestricted net assets, end of year	<u>233,996</u>	<u>207,364</u>

See accompanying notes

Toronto Japanese Association of Commerce and Industry

STATEMENT OF CASH FLOWS

Year ended December 31

	2010	2009
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	26,632	55,411
Net change in non-cash working capital balances related to operations	(102)	(1,802)
Cash provided by operating activities	26,530	53,609
INVESTING ACTIVITIES		
Investment in short-term deposit	(150,000)	—
Cash used in investing activities	(150,000)	—
Net (decrease) increase in cash during the year	(123,470)	53,609
Cash and cash equivalents, beginning of year	215,149	161,540
Cash and cash equivalents, end of year	91,679	215,149

See accompanying notes

Toronto Japanese Association of Commerce and Industry

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

1. DESCRIPTION OF ORGANIZATION

Toronto Japanese Association of Commerce and Industry [the "Association"], incorporated under the laws of Ontario to promote friendly relations between Canada and Japan through economic, commercial and industrial activities or exchanges, is a non-profit and tax-exempt organization. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Association have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

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 estimated and collection is reasonably assured. Contributions externally restricted are deferred and recognized as revenue in the year in which the related expenses are recognized.

Membership fees are recorded as revenue over the term of the membership by the Association and interest income is recorded as earned.

Event fees are recorded as revenue events are held.

Cash and cash equivalents

The Association considers all highly liquid financial instruments, purchased with an original maturity of three months or less, to be cash equivalents.

Short-term deposits

Short-term deposits with original maturities greater than three months and remaining maturities less than one year are classified as "short-term deposits".

Toronto Japanese Association of Commerce and Industry

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

Capital assets

Capital assets are expensed as purchased. The Association has capital assets consisting primarily of office furniture and equipment.

Contributed materials and services

Contributed materials and services are recorded at fair market value where such value can be reasonably estimated, and when the materials and services are used in the normal course of the Association's operations and would otherwise have been purchased.

Financial instruments

The Association has chosen to apply The Canadian Institute of Chartered Accountants' ["CICA"] Handbook Section 3861, *Financial Instruments – Disclosure and Presentation* in place of CICA 3862, *Financial Instruments – Disclosure* and CICA 3863, *Financial Instruments – Presentation*.

Allocation of expenses

The costs of each function include the cost of personnel and other expenses that are directly related to the function. General support and other costs are not allocated.

Change in accounting policies

Additional disclosures as a result of adopting CICA 4470, *Disclosure of Allocated Expenses for Not-for-Profit Organizations*, have been provided in the accounting policies.

3. INCOME TAX STATUS

Under the provisions of the Income Tax Act (Canada), the Association qualifies as a non-profit organization and, accordingly, is exempt from income taxes.

4. SHORT-TERM DEPOSIT

The Association's short-term deposit bears interest at 0.76% and matures on June 10, 2011.

Toronto Japanese Association of Commerce and Industry

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

5. CAPITAL MANAGEMENT

In managing capital, the Association focuses on liquid resources available for operations. The Association's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2010, the Association has met its objective of having sufficient liquid resources to meet its current obligations.

6. 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 laws of Ontario, since the School's Board of Directors consists of the Association's members. The School is a Saturday community school providing Japanese maintenance and academic supplementary programs for Japanese speaking students.

The School's audited financial statements as at March 31, 2010 include the following information:

	\$
Assets	371,423
Liabilities	82,470
Net assets	288,953
Revenue	909,890
Expenses	812,681
Cash flows from operating activities	115,599
Cash flows from investing activities	(2,331)

During the year, an amount of \$55,000 [2009 - \$55,000] was contributed 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.

Toronto Japanese Association of Commerce and Industry

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

7. ADMINISTRATION EXPENSES

Administration expenses consist of the following:

	2010	2009
	\$	\$
Salaries and benefits	135,538	134,724
Office rent	36,377	34,499
Other	26,467	26,095
	198,382	195,318

8. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2010 financial statements.

