

JAPANESE CULTURAL ASSOCIATION OF MANITOBA INC.

REVIEW ENGAGEMENT REPORT

FINANCIAL STATEMENTS

JUNE 30, 2023

JAPANESE CULTURAL ASSOCIATION OF MANITOBA INC.

JUNE 30, 2023

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Independent Practitioner's Review Engagement Report

To the Board of Directors of Japanese Cultural Association of Manitoba Inc.:

We have reviewed the accompanying financial statements of Japanese Cultural Association of Manitoba Inc. that comprise the statement of financial position as at June 30, 2023, and the statements of changes in net assets, operations and cash flow 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 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Japanese Cultural Association of Manitoba Inc. as at June 30, 2023 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba
November 19, 2023



CHARTERED PROFESSIONAL
ACCOUNTANTS INC.

**JAPANESE CULTURAL ASSOCIATION OF MANITOBA INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

	2023	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 340,002	232,343
Accounts receivable (Note 3)	22,079	2,138
Prepaid expenses	<u>3,909</u>	<u>5,683</u>
	365,990	240,164
LONG TERM INVESTMENTS (Note 4)	568,960	489,928
TANGIBLE CAPITAL ASSETS (Note 5)	<u>1,061,253</u>	<u>1,007,920</u>
	<u>\$ 1,996,203</u>	<u>1,738,012</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 10,000	25,070
Government source deductions payable	3,797	2,221
Deferred revenue (Note 6)	35,352	100,663
Current portion of deferred capital contributions (Note 7)	<u>1,428</u>	<u>-</u>
	<u>50,577</u>	<u>127,954</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	<u>69,259</u>	<u>-</u>
NET ASSETS		
Unrestricted	600,434	414,987
Invested in tangible capital assets	1,061,253	1,007,920
Capital Reserve Fund (Note 2(d))	76,000	70,000
Endowment Fund (Note 2(e))	<u>138,680</u>	<u>117,151</u>
	<u>1,876,367</u>	<u>1,610,058</u>
	<u>\$ 1,996,203</u>	<u>1,738,012</u>



President



Treasurer

**JAPANESE CULTURAL ASSOCIATION OF MANITOBA INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2023**

	Invested in Tangible Capital Assets	Unrestricted	Capital Reserve Fund	Endowment Fund	2023 Total	2022 Total
NET ASSETS, BEGINNING OF YEAR	\$ 1,007,920	414,987	70,000	117,151	1,610,058	1,605,437
PURCHASE OF TANGIBLE CAPITAL ASSETS	91,363	(91,363)	-	-	-	-
CAPITAL RESERVE FUND TRANSFER (NOTE 2 (d))	-	(6,000)	6,000	-	-	-
EXCESS OF REVENUE OVER EXPENSES	<u>(38,030)</u>	<u>282,810</u>	<u>-</u>	<u>21,529</u>	<u>266,309</u>	<u>4,621</u>
NET ASSETS, END OF YEAR	<u>\$ 1,061,253</u>	<u>600,434</u>	<u>76,000</u>	<u>138,680</u>	<u>1,876,367</u>	<u>1,610,058</u>

**JAPANESE CULTURAL ASSOCIATION OF MANITOBA INC.
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2023**

	2023	<u>2022</u>
REVENUE		
Amortization of deferred capital contributions	\$ 714	-
Donations	46,018	30,678
Fundraising	251,606	52,493
Grants	151,795	173,943
Investment income	20,969	47,626
Memberships	11,452	10,496
Miscellaneous	1,078	7,476
Programs and services	77,922	55,770
Rental	<u>35,850</u>	<u>10,588</u>
	<u>597,404</u>	<u>389,070</u>
EXPENSES		
Administrative and general	54,696	50,050
Amortization of tangible capital assets	38,030	30,911
Building occupancy costs	66,501	95,964
Fundraising	158,482	37,071
Programs and services	37,835	52,107
Scholarships and awards	4,433	4,100
Wages and benefits	<u>67,240</u>	<u>29,841</u>
	<u>427,217</u>	<u>300,044</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	<u>170,187</u>	<u>89,026</u>
OTHER ITEMS		
Canada Emergency Rent Subsidy	-	4,125
Canada Emergency and Temporary Wage Subsidies (Note 10)	-	4,709
Unrealized gain (loss) on market value of long term investments	<u>96,122</u>	<u>(93,239)</u>
	<u>96,122</u>	<u>(84,405)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 266,309</u>	<u>4,621</u>

**JAPANESE CULTURAL ASSOCIATION OF MANITOBA INC.
STATEMENT OF CASH FLOW
YEAR ENDED JUNE 30, 2023**

	2023	<u>2022</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 266,309	4,621
Add non-cash item:		
Amortization of tangible capital assets	38,030	30,911
Amortization of deferred capital contributions	<u>(714)</u>	<u>-</u>
	303,625	35,532
Change in non-cash working capital:		
Accounts receivable	(19,941)	18,066
Prepaid expenses	1,774	(2,843)
Accounts payable and accrued liabilities	(15,070)	(30,763)
Government source deductions payable	1,576	774
Deferred revenue	<u>(65,311)</u>	<u>9,262</u>
	<u>206,653</u>	<u>30,028</u>
INVESTING ACTIVITIES		
Change in long-term investments	(79,032)	53,593
Purchase of tangible capital assets	<u>(91,363)</u>	<u>(10,732)</u>
	<u>(170,395)</u>	<u>42,861</u>
FINANCING ACTIVITIES		
Proceeds from deferred contributions	<u>71,401</u>	<u>-</u>
CHANGE IN CASH	107,659	72,889
CASH, BEGINNING OF YEAR	<u>232,343</u>	<u>159,454</u>
CASH, END OF YEAR	<u>\$ 340,002</u>	<u>232,343</u>

JAPANESE CULTURAL ASSOCIATION OF MANITOBA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

1. STATUS AND PURPOSE OF THE ORGANIZATION

The Japanese Cultural Association of Manitoba Inc. (the "Organization"), formed September 16, 2013 through the amalgamation of the Manitoba Japanese Canadian Citizens' Association Inc. and the Manitoba Japanese Canadian Cultural Centre Inc., is a registered charitable Organization and is incorporated under The Corporations Act of Manitoba as a non-profit organization.

The Organization is responsible for the operation and maintenance of the Manitoba Japanese Canadian Cultural Centre and organizes community, cultural and educational activities through a volunteer board and the Organization's membership. The Organization undertakes projects that include all segments of the Japanese Canadian community, as well as reach out to other Canadians. The Organization organizes activities, programs, and services in both the English and Japanese language in order to educate and inform the general community about Japanese and Japanese-Canadian art, music, culture, heritage and history, while also operating the Japanese Language School and the Japanese Public Schools Program a cultural program at the Centre for Manitoba's elementary school students.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit Organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit Organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

(a) Revenue Recognition

The Organization follows the restricted fund method in accounting for contributions. Restricted contributions related to general operations are recognized as revenue in the general fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund. Unrestricted contributions are recognized as revenue of the general fund when they are received or receivable, and when collectibility is reasonably assured. Endowment contributions are recognized as revenue of the endowment fund in the current period.

Revenue from memberships, rentals, programs and services and fundraising is recognized when products or services are delivered to the customer and ultimate collection is reasonably assured at the time of performance.

The Canada Emergency Wage Subsidy ("CEWS") is recognized as revenue for the corresponding period for which eligible employee remuneration is paid and the claim has been filed.

The Canada Emergency Rent Subsidy ("CERS") is recognized as revenue for the corresponding period for which an eligible commercial rent or property expense is paid and the claim has been filed.

Donations are recognized when cash is received.

Investment income is recognized as revenue when earned.

Donations of material and equipment are reported at fair market value. During the period, no donated material or equipment was received by the Organization.

**JAPANESE CULTURAL ASSOCIATION OF MANITOBA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Library and Archives

Library and archive items are expensed as acquired.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost and amortized over their estimated useful lives at the following rates:

Amortization is provided on the straight-line basis at the following rates:

Land	Nil
Building and building improvements	2% - 20%
Computer equipment	25%
Furniture and fixtures	20%
Japanese rock garden	2%
Works of art	Nil

(d) Capital Reserve Fund

The Capital Reserve Fund is an internally restricted fund established for the purpose of future tangible capital asset additions, replacements, and major repairs. During the year, there was a transfer of \$6,000 from unrestricted net assets to the capital reserve fund (2022 - \$nil) for the purpose noted above.

(e) Endowment Fund

The Endowment Fund (also known as the "Community Fund") is an endowment fund that was established to sustain programs and activities that will benefit generations of Canadians of Japanese ancestry living in Manitoba. The Community Fund was established in appreciation and in commemoration of:

- a) The Redress Settlement and;
- b) the individuals who passed away before September 22, 1988 and were not able to share in the benefits of the Redress Settlement.

The fund is administered with the intent to maintain and to add to the amount of community contributions that established the fund. The community contributions have been designated a capital funds in the 'principal' pool. The total amount of annual community approved grants is determined as a percentage of total income derived from investments and the balance of investment income is directed into the principal pool to accumulate investment capital. During the year, there was no gifts transfer from the Endowment fund to the JCAM Community Fund administered by The Winnipeg Foundation (2022 - \$nil).

(f) Accounting Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved and useful life of tangible capital assets. Actual results may differ from estimates.

JAPANESE CULTURAL ASSOCIATION OF MANITOBA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments

Financial instruments held by the Organization include cash, accounts receivable, long term investments, and accounts payable and accrued liabilities. The Organization initially measures any financial instruments at fair value when the asset or liability is first recognized. The Organization subsequently measures its financial instruments at amortized cost with the exception of equity investments traded in an active market which are recorded at fair market value with any unrealized gains or losses at year end date recorded in investment income.

Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

3. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Province of Manitoba grant	\$ 17,600	-
GST receivable	<u>4,479</u>	<u>2,138</u>
	<u>\$ 22,079</u>	<u>2,138</u>

4. LONG TERM INVESTMENTS

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Equities	\$ <u>395,638</u>	<u>568,960</u>	<u>411,247</u>	<u>489,928</u>

5. TANGIBLE CAPITAL ASSETS

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 213,934	-	213,934	-
Building and building improvements	1,241,134	472,082	1,163,581	448,035
Computer equipment	25,138	18,338	23,899	15,897
Furniture and fixtures	104,709	83,074	92,138	72,576
Japanese rock garden	52,181	24,660	52,181	23,616
Works of art	<u>22,311</u>	<u>-</u>	<u>22,311</u>	<u>-</u>
	<u>1,659,407</u>	<u>598,154</u>	<u>1,568,044</u>	<u>560,124</u>
Net book value	<u>\$ 1,061,253</u>		<u>1,007,920</u>	

**JAPANESE CULTURAL ASSOCIATION OF MANITOBA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

6. DEFERRED REVENUE

	<u>Opening Balance</u>	<u>Revenue Received</u>	<u>Revenue Recognized</u>	<u>Ending Balance</u>
Folklorama	\$ 4,000	-	4,000	-
Grants	20,150	-	20,150	-
Language school	10,740	41,238	46,178	5,800
Membership fees	5,105	12,560	11,452	6,213
Parking rental space	3,168	4,320	3,168	4,320
Sponsorship	<u>57,500</u>	<u>19,019</u>	<u>57,500</u>	<u>19,019</u>
	<u>\$ 100,663</u>	<u>77,137</u>	<u>142,448</u>	<u>35,352</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent funding received from the Province of Manitoba for the purchase of capital assets. Changes in deferred contributions are as follows:

	<u>Opening Balance</u>	<u>Revenue Received</u>	<u>Revenue Recognized</u>	<u>Ending Balance</u>
Province of Manitoba:				
Enhancing the Centre grant	\$ -	88,000	17,313	70,687
Less: current portion				<u>1,428</u>
				<u>\$ 69,259</u>

8. RISK MANAGEMENT

(a) Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk of 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 Organization is exposed to other price risk through its investments in equities for which the value fluctuates with the quoted market price.

(b) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities. Accounts payable and accrued liabilities are paid in the normal course of business.

The Organization's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when due.

(c) Credit risk

Credit risk is the risk that a counterpart will default on its financial liabilities.

Financial instruments which potentially subject the Organization to credit risk and concentrations of credit risk consist principally of accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

JAPANESE CULTURAL ASSOCIATION OF MANITOBA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

9. ENDOWMENT FUNDS HELD WITH THE WINNIPEG FOUNDATION

The Organization has entered into an agreement with The Winnipeg Foundation to establish a number of endowment funds (the "Funds") as described below. All amounts contributed to the Funds, including augmentations to the Funds from The Winnipeg Foundation through its matching grants program, are irrevocable. Control over the asset resides with The Winnipeg Foundation and the Organization is an income beneficiary of the Funds.

JCAM Harold Hirose Education Fund

The JCAM Harold Hirose Fund was established on September 20, 2018. The purpose of the JCAM Harold Hirose Education Fund is to generate annual investment income to be used to award scholarships. As of June 30, 2023, the Organization has made a total of \$55,000 in contributions to the Fund. During the current fiscal year, there was no contributions made to The Winnipeg Foundation from this fund.

JCAM Community Fund

The JCAM Community Fund was established on September 20, 2018. This fund shares the same purpose as the Endowment Fund as described in Note 2. As of June 30, 2023, the Organization has made a total of \$95,880 in contributions into the JCAM Community Fund from the internally held Endowment Fund. During the current fiscal year, the Winnipeg Foundation made matching contributions of \$380 to this fund.

Japanese Cultural Association of Manitoba Fund

The Japanese Cultural Association of Manitoba Fund was established on September 8, 2017 to hold the initial education contribution from the Organization that was later on transferred into the JCAM Harold Hirose Education Fund. As of June 30, 2023, the Japanese Cultural Association of Manitoba Fund holds the matching contributions from The Winnipeg Foundation in the amount of \$38,402. During the current fiscal year, The Winnipeg Foundation made matching contributions of \$2,235 to this fund.

10. CANADA EMERGENCY WAGE SUBSIDY

In April 2020, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in order to help employers re-hire employees, prevent job losses and provide relief in response to challenges posed by the COVID-19 pandemic. The Organization has determined that it met the employer eligibility criteria including meeting the revenue reduction requirements and incurring eligible remuneration and applied for the CEWS. In 2023, the Organization received \$nil (2022 - \$4,709) under the CEWS program. The Government of Canada ended the program on October 23, 2021.

11. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.